

RESTATED BYLAWS
OF
THE GOLDEN OAKS ASSOCIATION

ARTICLE I
Recitals and Definitions

Section 1.1 Name of Association. The name of this corporation is The Golden Oaks Association and shall be referred to herein as the "Association."

Section 1.2. Association Is Nonprofit. The Association is a nonprofit corporation subject to the California Nonprofit Mutual Benefit Corporation Law (Cal. Corp. Code, § 7110 et seq.).

Section 1.3. Specific Purpose. The specific and primary purpose of this Association shall be to repair, maintain and manage the Common Area roads within the Golden Oaks real estate common interest development located in the County of Nevada, State of California, to enforce the rules and regulations adopted by the Board of Directors, from time to time, and the covenants, conditions and restrictions of the Declaration, and to otherwise serve the Owners' common objective of preserving the plan of development and quality of life within Golden Oaks.

Section 1.4. Definitions.

(a) Declaration. "Declaration" means all limitations, restrictions, covenants, terms and conditions set forth in the Restated Declaration of Covenants, Conditions and Restrictions for Golden Oaks, Recorded on _____, 1996, in Book _____, page _____, of the Official Records of Nevada County, California, as such Declaration may from time to time be supplemented, amended or modified by a duly Recorded subsequent Declaration, or amendment thereto.

(b) Other Definitions Incorporated by Reference. The terms defined in the Declaration shall have the same meaning when used herein unless the context clearly indicates a contrary intention.

ARTICLE II
Location of Principal Office

The principal office of the Association will be located at such place within the County as the Board may from time to time designate by resolution. Unless otherwise designated by the Board, the Association's mailing address shall be P.O. Box 4123, Auburn, California 95604-4123.

ARTICLE III
Membership

Section 3.1. Members of the Association. Every Owner of a Lot within the Properties is a Member of the Association. Membership in the Association is appurtenant to, and may not be separated from, ownership of any Lot.

Section 3.2. Term of Membership. Each Owner shall remain a Member until he or she no longer qualifies as such under section 1 above. Upon the sale, conveyance or other transfer of an Owner's interest in a Lot, the Owner's membership interest appurtenant to the Lot shall automatically transfer to the new Owner(s) of the Lot.

Section 3.3. Multiple Ownership of Lots Ownership of a Lot shall give rise to a single membership vote in the Association. Accordingly, if more than one person is the record Owner of a Lot, all of said persons shall be deemed to be one Member for voting purposes, although all such co-Owners shall have equal rights as Members with respect to other rights or issues relating to membership in the Association. Only one of the multiple Owners shall be entitled to vote the membership. If more than one of the multiple Owners attempts to cast the vote attributable to the membership, the secretary of the Association may elect to disregard the vote.

Section 3.4. Furnishing Evidence of Membership. A person shall not be entitled to exercise the rights of a Member until such person has advised the Association's secretary that he or she is qualified to be a Member under section 1 above, and, if requested by the secretary, has provided the secretary with evidence of such qualification in the form of a certified copy of a recorded grant deed or a currently effective policy of title insurance. Exercise of membership rights shall be further subject to the rules regarding record dates set forth in section 5.8, hereof.

ARTICLE IV
Membership Voting

Section 4.1. Single Class of Membership. The Association shall have only one class of voting membership.

Section 4.2. Member Voting Rights. On each matter submitted to a vote of the Members each Member shall be entitled to cast one vote for each Lot owned by such Member. Single memberships in which two or more persons have an indivisible interest shall be voted as provided in section 3.3 of these Bylaws.

Section 4.3. Eligibility to Vote. Only Members in good standing shall be entitled to vote. In order to be in good standing, a Member must be current in the payment of all assessments levied against the Member's Lot(s) and not be subject to any suspension of voting privileges as a result of any disciplinary proceeding conducted in accordance with section 12.6 of the Declaration. A Member's good standing shall be determined as of the record date established in accordance with section 5.8 hereof. The Association shall not be obligated to conduct a hearing in order to suspend a Member's voting privileges on the basis of the nonpayment of assessments, although a delinquent Member shall be entitled to request such a hearing in accordance with the Declaration.

Section 4.4. Manner of Casting Votes.

(a) Voting at Membership Meetings. Voting at any membership meeting may be by voice or by ballot; provided, however, that the voting in any election of directors shall be conducted by secret ballot. The vote on any other issue properly before a meeting of the Members shall be conducted by secret ballot when determined by the chairman of the meeting, in his or her discretion, or when a vote by secret ballot is requested by 10 percent of the Members present at the meeting.

(b) Voting by Written Ballot. In addition to voting in person or by proxy at a meeting, Members' votes may be solicited by written ballot with respect to any issue other than the election of directors. Written ballot voting shall be conducted in accordance with section 4.6, below.

(c) Proxy Voting. Members otherwise eligible to vote who are unable to attend a membership meeting in person, may designate another person as the appointing Member's proxy to represent and to vote on the Member's behalf at the meeting. The use of proxies shall be subject to the rules set forth in section 4.5, below.

(d) Cumulative Voting. Cumulative voting in the election of directors shall not be permitted.

Section 4.5. Proxies.

(a) Proxies Generally. Any Member entitled to vote may do so either by appearing in person at the meeting where the vote is conducted or by appointing one or more agents (proxy holders) to appear and vote at the meeting on the Member's behalf. Proxy holders must be designated by a written proxy signed by the Member and filed with the secretary of the Association. Any proxy shall be for a term not to exceed 11 months from the date of issuance. Proxy forms shall be dated to assist in verifying their validity and order of issuance.

(b) Effectiveness of Proxies. Every proxy continues in full force and effect until revoked by the issuing Member prior to the vote pursuant thereto subject to the maximum term of a proxy set forth in subparagraph (a), above. Any proxy issued hereunder

shall be revocable by the Member executing such proxy at any time prior to the vote pursuant thereto, by: (i) delivery to the secretary of a written notice of revocation; (ii) issuance of a subsequent proxy executed by the same Member and presentation of the subsequent proxy at the meeting; or (iii) as to any meeting, by attendance at such meeting and voting in person by the Member who previously executed the proxy. The dates contained on the forms of proxy presumptively determine their order of execution, regardless of the postmarks contained on the envelopes in which they are mailed. A proxy shall be deemed revoked when the secretary receives actual notice of the death or judicially declared incompetence of the Member issuing the proxy, or upon termination of such Member's status as an Owner of a Lot as provided in section 3.1, above.

(c) Validity of Proxies With Respect to Certain Material Transactions. Any proxy given by a Member to another person to vote on any of the matters described in this subparagraph (c) shall be valid only if the proxy form sets forth a general description of the nature of the matter to be voted on. The matters subject to this requirement are:

(i) Removal of directors without cause;

(ii) Filling of vacancies on the Board;

(iii) Approval of contracts or transactions between the Association and one or more of its directors, or between the Association and a corporation, firm or association in which one or more of its directors has a material financial interest;

(iv) Amendment of the Articles of Incorporation, these Bylaws or the Declaration;

(v) Action to change any Association Assessments in a manner requiring membership approval under the Declaration;

(vi) The sale, lease, exchange, transfer or other disposition of all or substantially all of the Association's assets otherwise than in the regular course of the Association's activities; and

(vii) Merger of the Association or an amendment to an agreement of merger.

(d) Limited Proxies.

(i) Any form of proxy distributed to 10 or more Members must afford an opportunity on the proxy to specify a choice between approval or disapproval of any matter or group of related matters intended, at the time the proxy is distributed, to be acted upon at the meeting for which the proxy is solicited. If the form of proxy lists one or more matters to be acted upon and the issuer of the proxy has specified a choice with respect to any such matter (including a preference in voting for candidates for election to the

Board), the proxy holder shall be obligated to cast the vote represented by the proxy in accordance with the issuer's designated preference.

(ii) In accordance with subparagraph d(i), above, proxies distributed in connection with the election of directors shall set forth the names of all individuals who are candidates for election of the Board of Directors at the time the proxy is issued. The proxy form shall contain boxes or lines where the issuing Member can express his or her voting preference. If the proxy is marked by a Member "withhold" or otherwise marked in a manner indicating that the authority to vote for the election of directors is withheld, the proxy holder shall not vote the proxy either for or against the election of a director. If any proxy issued in connection with the election of directors is marked so as to direct the proxy holder to vote the proxy for a specified candidate or candidates, the proxy holder shall vote in accordance with the direction of the proxy issuer.

(e) Proxy Rules for Memberships Held by More Than One Person. Where two or more persons constitute a Member (because the Lot to which the membership pertains is owned by more than one person), any proxy with respect to the vote of such Member may be signed by any one of the co-owners, so long as no more than one proxy is issued with respect to any single membership.

Section 4.6. Action by Written Ballot Without a Meeting.

(a) Definition of Written Ballot. A "written ballot" is a ballot which the Association mails or distributes to all Members in good standing in order to vote on any matter requiring Member approval without having to call a formal membership meeting. Written ballot voting must be conducted in accordance with the requirements of this section. The term "written ballot" does not include a ballot distributed to Members at a meeting for purposes of conducting a vote of the Members at such meeting.

(b) Written Ballots, Generally. Any matter or issue requiring the vote of the Members, including the election of directors, may be submitted for vote by written ballot without the necessity of calling a meeting of the Members, so long as the requirements of this section are met. The decision to seek to conduct a vote by written ballot, rather than calling a membership meeting, shall be made by the president or a vote of a majority of a quorum of the directors. Once the determination is made to seek Member approval by written ballot, the Board shall establish a record date (see section 5.8 hereof) and distribute a written ballot to every Member entitled to vote on the matter.

(c) Balloting Time Requirements.

(i) Director Elections. In the case of written ballots used in the election of directors, the ballots shall be mailed to all Members who are eligible to vote not more than 35 days prior to the date set for the election, but no less than 20 days prior to such date. If the Member elects to return his or her written ballot by mail or personal delivery to the address set forth in the solicitation materials for return of the ballots prior to the meeting at which the director election will be held, the written ballot must be received no later than the close of business on the second business day prior to the scheduled meeting date. If the Member elects to return his or her written ballot in person at the meeting, the ballot must be inserted in the ballot box prior to conclusion of the time scheduled on the meeting agenda for receipt of ballots and conclusion of the election process at the meeting.

(ii) Other Matters. In the case of any other matter or issue submitted to the Members for approval by written ballot, the Board shall distribute the written ballot to every Member entitled to vote on the matter at least 30 days prior to the final date the written ballots are to be received to be counted.

(iii) Extension of the Balloting Period. The time fixed for the return of written ballots may only be extended if the Board so notifies the Members on the face of the ballot or in the balloting materials originally sent to Members. Notwithstanding the foregoing, if a meeting which is scheduled to coincide with culmination of a director election is adjourned without concluding the election process, the time fixed for the return of written ballots in the director election shall be extended to the date the adjourned meeting is reconvened.

(d) Content of Written Ballots.

(i) Written Ballots Used for Voting in Director Elections. Written ballots used in any election of directors shall set forth the names of the candidates whose names have been placed in nomination at the time the ballot is issued (see section 6.4). The ballot form shall also provide a space where the Member can designate a vote for another (write-in) candidate.

(ii) Written Ballots Used for Voting on Other Matters. Any written ballot distributed to the Members to vote on any issue other than the election of directors shall set forth the proposed action and provide an opportunity to specify approval or disapproval of the proposal.

(iii) Specification of Time for Return of Written Ballot. All written ballots shall state the time by which the ballot must be received in order to be counted (see subparagraph (c), above).

(e) Requirements for Valid Member Action by Written Ballot. Member approval by written ballot shall only be valid if: (i) the number of votes cast by ballot within the time established for return of the ballots equals or exceeds the minimum quorum (as specified in section 5.5) that would have been required to be present at a membership meeting if the same vote had been conducted at a formal meeting; and (ii) the number of affirmative votes equals or exceeds the number of affirmative votes that would have been required to approve the action at such a meeting.

(f) Solicitation Rules.

(i) Solicitation Rules, Generally. Written ballots shall be solicited in a manner consistent with the requirements of section 5.4, pertaining to the issuance of notices of Members' meetings. All solicitations of written ballots shall indicate: (A) the number of responses needed to meet the quorum requirement for valid action; (B) the time by which the written ballot must be received by the Association in order to be counted; and (C) in the case of any written ballot distributed to vote on matters other than the election of directors, the percentage of affirmative votes necessary to approve the measure submitted for membership approval.

(ii) Director Elections. In addition to the requirements of subparagraph (i), above, solicitation materials accompanying written ballots distributed in director elections shall advise the Members that their ballots may be returned by mail or personal delivery to the Association's principal office. If a Member attends the membership meeting in person and has not returned the ballot by mail, it may be necessary for the Member to register during the registration period and receive a different form of ballot. The solicitation materials shall also set forth the address where written ballots can be returned by mail or personal delivery in advance of the meeting at which the election will be held.

(g) Additional Balloting Procedures. If deemed necessary by the Board, the written ballot shall be conducted in accordance with such additional procedures, not inconsistent with the provisions of this section, as may be prescribed by a firm of public accountants of good repute who may also be retained to supervise the secrecy and conduct of the balloting process.

(h) Notification of Results of Balloting Process. Upon tabulation of the written ballots, the Board shall notify the Members of the outcome of the vote no later than 30 days following the close of the balloting process and tabulation of the ballots. If the number of written ballots cast with respect to any matter is insufficient to satisfy the minimum quorum requirements, the Board shall so notify the Members.

(i) Prohibition of Revocation. Once exercised, a written ballot may not be revoked.

(j) Conduct of Informational Meetings. Use of the written ballot procedures set forth herein shall not preclude the Association from also conducting informational meetings of the Members where the issue or issues that are the subject of the vote may be discussed or from scheduling a meeting to coincide with the culmination of the balloting period.

Section 4.7. Majority Vote of Members Represented at Meeting Required for Valid Action. At a meeting, the affirmative vote of a Majority of a Quorum of the Members who are entitled to vote and voting on any matter (other than the election of directors) shall be the act of the Members, unless the vote of a greater number or percentage of the Members is required by the California Nonprofit Mutual Benefit Corporation Law or by the Governing Documents. In the case of director elections, those candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected to the vacant director positions.

ARTICLE V Membership Meetings

Section 5.1. Place of Meetings. Meetings of the Members shall be held at a suitable location in reasonable proximity to the Properties and at such time as may be designated by the Board in the notice of the meeting.

Section 5.2. Annual Meeting. There shall be an annual meeting of the Members which shall be held on a Saturday in October of each year. The specific date, time and location of the meeting shall be established by the Board and set forth in the notice of meeting sent to the Members in accordance with section 5.4, below.

Section 5.3. Special Meetings.

(a) Persons Entitled to Call Special Meetings. A majority of the Board, the president or 5 percent or more of the Members may call special meetings of the Members at any time to consider any lawful business of the Association.

(b) Procedures for Calling Special Meetings Requested by Members. If a special meeting is called by Members other than the Board of Directors or the president, the request shall be submitted by such Members in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by first-class, certified or registered mail or by telegraphic or other facsimile transmission to the president, the vice president, or the secretary of the Association. The officer receiving the request shall cause notice to be promptly given to the Members entitled to vote, in accordance with the provisions of section 5.4, below, that a meeting will be held, and the date, time and purpose for such meeting, which date shall be not less than 35 nor more than 90 days following the receipt of the request.

If notice of the meeting is not given within the 20 days after receipt of the request, the persons requesting the meeting may give the notice. Nothing contained in this subsection shall be construed as limiting, fixing, or affecting the time when a meeting of Members may be held when the meeting is called by action of the Board of Directors or the president.

Section 5.4. Notice of Members' Meetings.

(a) Requirement That Notice Be Given. Notice of all regular and special meetings of the Members shall be sent or otherwise given in writing to each Member who is eligible to vote at the meeting as of the record date for notice established in accordance with section 5.8, below.

(b) Time Requirements for Notice. The notice of membership meetings shall be given in the manner specified in subparagraph (e) of this section, not less than 10 nor more than 90 days before the date of the meeting. If notice is given by mail and the notice is not given by first-class, registered or certified mail, the notice shall be given not less than 20 days (nor more than 90 days) before the meeting.

(c) Minimum Requirements Regarding Content of Notice. The notice of any membership meeting shall specify the place, date, and hour of the meeting and: (i) in the case of a special meeting, the general nature of the business to be transacted, and no other business may in that case be transacted; or (ii) in the case of a regular meeting, those matters which the Board of Directors, at the time of giving the notice, intends to present for action by the Members; but any proper matter may be presented at the meeting for such action so long as a quorum is present. The notice of any meeting at which directors are to be elected shall include the names of all those individuals who are nominees for election at the time the notice is given to the Members.

(d) Specification of Certain Significant Actions. If action is proposed to be taken at any membership meeting for approval of any of the following proposals, the notice shall also state the general nature of the proposal. Member action on such items is invalid unless the notice or written waiver of notice or consent states the general nature of the proposal(s):

(i) Removing a director without cause;

(ii) Filling vacancies on the Board of Directors under those circumstances where a vote of the Members is required pursuant to section 6.6, below;

(iii) Amending the Articles of Incorporation of the Association, these Bylaws or the Declaration in any manner requiring approval of the Members;

(iv) Approving a contract or transaction between the Association and one or more of its directors, or between the Association and any corporation, firm or association in which one or more of its directors has a material financial interest; or

(v) Approving any change in the Association's Assessments in a manner requiring membership approval under the Declaration.

(e) Manner of Service. Notice of any meeting of Members shall be given either personally or by first-class mail, telegraphic or other written communication, charges prepaid, addressed to each Member either at the address of that Member appearing on the books of the Association or the address given by the Member to the Association for the purpose of notice. If no address appears on the Association's books and no other has been given, notice shall be deemed to have been given if either: (i) notice is sent to that Member by first-class mail or telegraphic or other written communication to the Association's principal office; or (ii) notice is published at least once in a newspaper of general circulation in the County. Notice shall be deemed to have been given at the time the notice is delivered to the Member personally or deposited in the mail (postage prepaid) or sent by telegram or other means of written or electronic communication to the Member as specified above.

(f) Affidavit of Mailing. An affidavit of the mailing or other means of giving any notice of any Members' meeting may be executed by the secretary or the assistant secretary of the Association, and if so executed, shall be filed and maintained in the minute book of the Association. Such affidavit shall constitute prima facie evidence that proper notice was given.

Section 5.5. Quorum Requirements.

(a) Quorum Requirements Generally. The following quorum requirements must be satisfied in order to take valid action at any meeting of the Members or by written ballot in accordance with section 4.6, above:

(i) Quorum for Votes on Assessment Increases. In the case of any membership meeting or written ballot called or conducted for the purpose of voting on assessment increases requiring membership approval (see article VIII of the Declaration), the quorum requirement for valid action on the proposal shall be the percentage specified in Civil Code section 1366 or comparable successor statute. That quorum percentage is currently a majority of the Members.

(ii) Quorum for Valid Action on Other Matters. In the case of a membership meeting or written ballot called or conducted for any other purpose, the quorum shall be 51 percent of the Members eligible to vote and represented in person or by proxy at the meeting or casting a written ballot in accordance with section 4.6, above.

(b) Members Represented By Proxy. Members present at a membership meeting in person or by proxy shall be counted towards satisfaction of the quorum requirements specified herein.

(c) Effect of Departure of Members From Meeting. If a quorum is initially established at a membership meeting and then a sufficient number of members or proxyholders depart to leave less than a quorum in attendance, the Members who continue to be present in person or by proxy may continue to transact business until adjournment, so long as any action taken (other than a vote to adjourn) is approved by at least a majority of the Members required to constitute a quorum. If a quorum is never established for the meeting, a majority of those Members who are present may vote to adjourn the meeting for lack of a quorum, but no other action may be taken or business transacted at the meeting.

Section 5.6. Adjourned Meeting.

(a) Adjournment, Generally. Any Members' meeting, annual or special, whether or not a quorum is present, may be adjourned to another time and/or place by the vote of the majority of Members present at the meeting in person or by proxy; provided, however, that no meeting may be adjourned for more than 45 days. Unless there is an absence of a quorum (in which case no business other than adjournment may be transacted), the reconvened meeting may take any action which might have been transacted at the original meeting.

(b) Notice Requirements for Adjourned Meetings. When a Members' meeting is adjourned to another time or place, notice need not be given of the new meeting if the time when, and place where, the adjourned meeting will be reconvened are announced at the meeting at which the adjournment is taken. Notwithstanding the foregoing, if after adjournment a new record date is fixed for notice or voting, a notice of the rescheduled meeting must be given to each Member who, on the new record date for notice of the meeting, is entitled to vote at the meeting.

Section 5.7. Waiver of Notice or Consent by Absent Members.

(a) Waivers and Consents, Generally. If decisions are made or action is otherwise taken by the Members at a meeting where a quorum is present, but for which proper notice was not given to all Members for whatever reason, the decisions or actions made at that meeting will be valid if, either before or after the meeting, each person entitled to vote who was not present at the meeting (in person or by proxy) consents to the meeting by signing: (i) a written waiver of notice; (ii) a consent to holding the meeting; or (iii) an approval of the minutes. The waiver of notice or consent need not specify the purpose or general nature of business to be transacted at such meeting unless action was taken or is proposed to be taken at the meeting with respect to any matters specified in section 5.4(d), above, in which case the waiver of notice or consent must state the general

nature of such matter(s). All such waivers, consents or approvals shall be filed with the Association records or be made part of the minutes of the meeting.

(b) Effect of a Member's Attendance at a Meeting. Attendance by a Member or his or her proxy holder at a meeting shall also constitute a waiver of any objections the Member may have with respect to notice of that meeting with the following two exceptions: (i) a Member or proxy holder may attend a meeting for the sole purpose of objecting, at the beginning of the meeting to the transaction of business that it has not been lawfully called or convened; or (ii) when a person in attendance at a meeting specifically objects to the consideration of any matter which the law requires to be described in the notice of the meeting (see section 4(d), above), because a description of the matter was not so included.

Section 5.8. Record Dates for Member Notice, Voting and Giving Consents. For the purpose of determining which Members are entitled to receive notice of any meeting, vote, act by written ballot without a meeting or exercise any rights in respect to any other lawful action requiring the consent or approval of the Members, the following rules shall apply:

(a) Record Date for Notice of Meetings. The record date for determining those Members entitled to receive notice of a meeting of Members, shall be the business day preceding the day on which notice is given, or, if notice is waived, the business day preceding the day on which the meeting is held.

(b) Record Date for Voting. The record date for determining those Members entitled to vote at a meeting of Members shall be the day of the meeting, or in the case of an adjourned meeting, the day of the adjourned meeting.

(c) Record Date for Action by Written Ballot Without Meeting. The record date for determining those Members entitled to vote by written ballot on proposed Association actions without a meeting, when no prior action by the Board has been taken, shall be the day on which the first written ballot is mailed or solicited. When prior action of the Board has been taken, it shall be the day on which the Board adopts the resolution relating to that action.

(d) Record Date for Other Lawful Action. The record date for determining those Members entitled to exercise any rights in respect to any other lawful action shall be Members at the close of business on the day on which the Board adopts the resolution relating thereto, or the 60th day prior to the date of such other action, whichever is later.

(e) "Record Date" Means as of Close of Business. For purposes of this section, a person holding a membership as of the close of business on the record date shall be deemed to be the Member of record.

ARTICLE VI
Board of Directors

Section 6.1. General Association Powers. Subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, the Davis-Stirling Common Interest Development Act (Cal. Civ. Code, § 1350 et seq.) and any limitations contained in any of the Governing Documents relating to action required to be approved by the Members, the business and affairs of the Association shall be conducted and all corporate powers shall be exercised by or under the direction of the Board of Directors. Subject to the limitations expressed in article IX, the Board may delegate the management of the activities of the Association to any person or persons, management company or committee, provided that notwithstanding any such delegation the activities and affairs of the Association and all corporate powers shall continue to be exercised under the ultimate direction of the Board.

Section 6.2. Number and Qualification of Directors. The Board of Directors shall consist of five (5) persons who shall be Owners of Lots whose memberships are in good standing with all Assessments current and are not subject to any suspension of membership rights. Only one Owner per Lot shall be eligible to serve on the Board at any time.

Section 6.3. Term of Office. At the 1996 annual membership meeting, the two candidates receiving the most votes shall be elected to two-year terms, and the three candidates receiving the next highest number of votes shall be elected to one-year terms. At each annual meeting thereafter, the Members shall elect directors for a term of two years to replace those directors whose terms are then expiring. There shall be no limitation upon the number of consecutive terms to which a director may be reelected. Each director, including a director elected to fill a vacancy or elected at a special meeting of members, shall hold office until a successor director has been elected and qualified.

Section 6.4. Nomination of Directors. Individuals can become candidates for election to the Board of Directors in any of the following ways:

(a) Candidates Selected by Nomination Committee. At least 90 days prior to the date of any election of directors, the president shall appoint a nominating committee to select qualified candidates for election to those positions on the Board of Directors held by directors whose terms of office are then expiring. The nominating committee shall consist of a chairman, who shall be a member of the Board of Directors, and 2 or more Members of the Association who may or may not be Board members. The nominating committee shall make its report at least 45 days before the date of the election. The nominating committee shall make as many nominations for election to the Board as it shall, in its discretion, determine, but not less than the number of vacancies on the Board to be filled.

(b) Submission of Nominations by Members. Nominations of candidates may also be made by any Member in good standing who submits a written nomination to the Board prior to the closing date of the nominations, specified in subparagraph (a), above.

(c) Nominations From the Floor. Any Member present, in person or by proxy, at a membership meeting at which directors are to be elected may place names in nomination.

(d) Good Standing Requirement for Candidacy. In order to be eligible for nomination and election to the Board, the Association secretary must certify that the candidate-Member is in good standing with the Association and is current in the payment of his or her Assessments.

(e) Notice of Nominees. The secretary shall forward to each Member, with the notice of the meeting at which the election is scheduled to take place (see section 5.4), a list of all nominees.

Section 6.5. Election of Directors.

(a) Directors Elected at Annual Meeting. At each annual meeting of the Members, the Members present in person or by proxy shall elect persons to those positions on the Board of Directors held by directors whose terms are then expiring. The persons thus elected shall be selected from among those persons nominated pursuant to section 4 above; however, if for any reason an annual meeting is not held or the directors are not elected at any annual meeting, the directors may be elected at any special meeting held for that purpose.

(b) Determination of Election Results/Succession to Office. The candidates receiving the highest number of votes (up to the number of vacancies to be filled) shall be elected as directors and shall take office effective the following January 1st. In the event there is a tie vote between those candidates who receive the lowest number of votes necessary to qualify the candidate for election, the tie shall be broken by random drawing.

(c) Supervision of Election Process. In order to insure secrecy of ballots and fairness in the conduct of director elections, the Board may, but shall not be obligated to, utilize the services of the Association's legal counsel or a public accountant to receive and tabulate all ballots. Any accountant or attorney retained to perform such services shall have the full powers of an inspector of elections appointed by the Board pursuant to Corporations Code section 7614.

(d) Nominations Not In Excess of Positions to be Filled. Except for the election at the 1996 annual membership meeting (in order to create staggered terms), in the event that the number of qualified nominees for election as directors does not exceed the number

of vacancies to be filled, the Association may, without further action, declare that those nominated and qualified have been elected.

Section 6.6. Vacancies on Board of Directors.

(a) Vacancies, Generally. A vacancy or vacancies in the Board of Directors shall be deemed to exist on the occurrence of any of the following: (i) the death, resignation or removal of a director pursuant to subparagraphs (c) and (d) hereof; (ii) an increase of the authorized number of directors; or (iii) the failure of the Members, at any meeting of Members at which any director or directors are to be elected, to elect the number of directors to be elected at such meeting.

(b) Resignation of Directors. Except as provided in this subparagraph, any director may resign, which resignation shall be effective on giving written notice to the president, the secretary, or the Board of Directors, unless the notice specifies a later time for the resignation to become effective. If the resignation of a director is effective at a future time, the Board of Directors may elect a successor to take office when the resignation becomes effective.

(c) Authority of Board to Remove Directors. The Board of Directors shall have the power and authority to remove a director and declare his or her office vacant if the director: (i) has been declared of unsound mind by a final order of court; (ii) has been convicted of a felony; or (iii) fails to attend three consecutive regular meetings of the Board of Directors which have been duly noticed in accordance with California Law.

(d) Authority of Members to Remove Directors. Except as otherwise provided in subparagraph (c) hereof, a director may only be removed from office prior to expiration of his or her term by the affirmative vote of a majority of the Voting Power of the Association.

(e) Filling of Vacancies. Vacancies on the Board of Directors which occur at any time within 90 days prior to the annual meeting date shall be filled by a majority vote of the remaining directors though less than a quorum, or by a sole remaining director unless the vacancy is created through removal of a director by action of the Members. The Members may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors by an election at a duly held meeting of the Members or written ballot. Members who are elected to fill a vacancy on the Board shall serve for the unexpired term of his or her predecessor.

(f) Reduction in Number of Directors. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

ARTICLE VII Officers

Section 7.1. Officers. The officers of the Association shall be a president, a vice president, a secretary and a Treasurer. The Association may also have, at the discretion of the Board, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of section 7.3, below. Any person may hold two or more offices, except that neither the secretary nor the Treasurer may serve concurrently as president.

Section 7.2. Election of Officers. The officers of the Association, except such officers as may be appointed in accordance with the provisions of sections 7.3 and 7.6, below, shall be chosen annually by majority vote of the Board at its first regular meeting following the annual meeting of the Members or the election of directors, and each shall hold his or her office from the next January 1st until he or she shall resign or shall be removed or otherwise disqualified to serve, or his or her successor shall be elected and qualified.

Section 7.3. Subordinate Officers. The Board may appoint, and may empower the president to appoint, such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws and as the Board may from time to time determine.

Section 7.4. Removal of Officers. Any officer may be removed, either with or without cause, by the Board at any regular or special meeting.

Section 7.5. Resignation of Officers. Any officer may resign at any time by giving written notice to the Board or to the president or to the secretary. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Association under any contract to which the officer is a party.

Section 7.6. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the Bylaws for regular appointments to such office.

Section 7.7. President. The president shall be elected by the Board from among the directors. He or she shall be the chief executive officer of the Association and shall, subject to the control of the Board, have general supervision, direction and control of the affairs and officers of the Association. He or she shall preside at all meetings of the Board, and shall have the general power and duties of management usually vested in the office of president of a corporation, together with such other powers and duties as may be prescribed by the Board or the Bylaws.

Section 7.8. Vice President. The vice president shall be elected by the Board from among the directors. In the absence or disability of the president, the vice president shall perform all the duties of the president and when so acting shall have all the powers of, and be subject to all the restrictions upon, the president. He or she shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or the Bylaws.

Section 7.9. Secretary. The secretary shall be elected by the Board from among the directors. The secretary shall keep or cause to be kept at the principal office or such other place as the Board may order, a book of minutes of all meetings of directors and Members, with the time and place of holding same, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at directors' meetings, the number of Members present in person or by proxy at Members' meetings, and the proceedings thereof. The secretary shall keep, or cause to be kept, appropriate current records showing the Members of the Association, together with their addresses. He or she shall give, or cause to be given, notice of all meetings of the Board required by the Bylaws or by law to be given, and shall have such other powers and perform such other duties as may be prescribed by the Board or by the Bylaws.

Section 7.10. Treasurer. The treasurer shall be elected by the Board from among the directors. The treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings and other matters customarily included in financial statements. The books and records shall at all reasonable times be open to inspection by any director or Member. The treasurer shall deposit all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. He/she shall disburse the funds of the Association as may be ordered by the Board, shall render to the president and directors whenever they request it, an account of all of his or her transactions as treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws. If required by the Board, the treasurer shall give the Association a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of his or her office and for restoration to the Association of all its books, papers, vouchers, money, and other property of every kind in his or her possession or under his or her control on his or her death, resignation, retirement, or removal from office.

ARTICLE VIII

Board Meetings

Section 8.1. Place of Meetings. Regular and special meetings of the Board of Directors may be held at any Residence within the Properties or at a meeting place as close thereto as possible. Unless unusual conditions exist, meetings shall not be held outside of the County. In emergency situations meetings may be conducted by telephone conference, rather than at a formal meeting, so long as all directors participating in the meeting can hear one another and a reasonably diligent effort has been made to include all directors in the conference call. An emergency shall be deemed to exist only when the president reasonably determines that it is not feasible for one or more directors to attend a special meeting in person. Any action taken at an emergency meeting conducted by telephone conference shall be described at the next regular meeting of the Board.

Section 8.2. Meeting of Newly-Elected Directors. Following each annual meeting of Members, the Board of Directors-elect shall hold a meeting for the purpose of election of officers. Notice of this meeting shall not be required.

Section 8.3. Regular Meetings. Regular meetings of the Board shall be held at such time as shall from time to time be fixed by the Board of Directors and communicated to the Board members. Ordinarily, regular meetings shall be conducted on a monthly basis; however the Board may meet less frequently if the business of the Association permits. If the Board has not fixed the time and location for regular meetings, notice shall be communicated to the Board members not less than 72 hours prior to the meeting. Notice need not be given to any Board member who has signed a written waiver of notice or consent to holding the meeting as more particularly provided in section 8.7, below.

Section 8.4. Special Meetings of the Board.

(a) Who May Call a Special Meeting. Special meetings of the Board of Directors for any purpose may be called at any time by the president or any two directors.

(b) Notice of Special Meetings.

(i) Manner of Giving. Notice of the date, time and place of special meetings of the Board shall be given to each director by one of the following methods: (A) by personal communication; (B) by personal delivery of written notice; (C) by first-class mail, postage prepaid; (D) by telephone communication, either directly to the director or to a person at the director's home or office who would reasonably be expected to communicate such notice promptly to the director; or (E) by telegram, charges prepaid. All such notices shall be given or sent to the director's address or telephone number as shown on the records of the Association. Notwithstanding the foregoing, notice of a meeting need not be given to any director who has signed a written waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof as more particularly provided in section 8.7, below.

(ii) Time Requirements. Notices sent by first-class mail shall be deposited into a United States mailbox at least four days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least 48 hours before the time set for the meeting.

(iii) Notice Contents. The notice shall state the date, time, place, and purpose of the meeting.

Section 8.5. Attendance by Members.

(a) Meetings Generally Open to Members. With the exception of executive sessions of the Board (see subparagraph (b), below), all meetings of the Board shall be open to Members of the Association; provided, however, that nondirector Members may only participate in deliberations or discussions of the Board.

(b) Executive Sessions. The Board, on the affirmative vote of a majority of the directors present at a meeting at which a quorum has been established, shall be entitled to adjourn at any time for purposes of reconvening in executive session to discuss: (i) litigation in which the Association is or may become a party; (ii) personnel matters; (iii) contract negotiations; or (iv) Member disciplinary proceedings where the accused Member requests that the hearing be conducted in executive session. Prior to adjourning into an executive session, the topic(s) to be discussed in such session shall be announced, in general terms, to the Members in attendance at the meeting and matters discussed in executive session shall be generally noted in the minutes, taking into consideration the need to maintain confidentiality. Nothing provided herein shall be construed to obligate the Board to first call an open meeting before meeting in executive session with respect to the matters described above.

Section 8.6. Quorum Requirements. A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn as provided in section 8.8, below. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, especially those provisions relating to: (i) approval of contracts or transactions in which a director has a direct or indirect material financial interest; (ii) appointment of committees; and (iii) indemnification of directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors below a quorum, if any action taken is approved by at least a majority of the required quorum for that meeting, or such greater number as is required by these Bylaws, the Articles of Incorporation or by law.

Section 8.7. Waiver of Notice. The transaction of business at any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though

taken at a meeting duly held after regular call and notice, if: (a) a quorum is present; and (b) either before or after the meeting, each of the directors not present, individually or collectively, signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the Association records or made a part of the minutes of the meeting and shall have the same force and effect as a unanimous vote of the Board. The requirement of notice of a meeting shall also be deemed to have been waived by any director who attends the meeting without protesting the lack of proper notice either before or at the inception of the meeting.

Section 8.8. Adjournment. A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place. If the meeting is adjourned for more than 24 hours, notice of adjournment to any other time or place shall be given prior to the time of the adjourned meeting to the directors who are not present at the time of the adjournment. Except as hereinabove provided, notice of adjournment need not be given.

Section 8.9. Action Without a Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as an unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board and shall have the same force and effect as a unanimous vote of the Board. If prompt or immediate action of the Board is necessary and there is insufficient time to comply with the notice requirements set forth herein, reasonable efforts shall nevertheless be made to contact all Board members regarding the proposed action in advance thereof, rather than relying upon notification after the fact; provided, however, that any actions taken at a meeting for which proper notice has not been given must be validated in accordance with section 7 or this section 9.

Section 8.10. Compensation. Directors, officers and members of committees shall not be entitled to compensation for their services as such, although they may be reimbursed for such actual expenses as may be determined by resolution of the Board of Directors to be just and reasonable. Expenses for which reimbursement is sought shall be supported by a proper receipt or invoice.

ARTICLE IX Duties and Powers of the Board

Section 9.1. Specific Powers. Without prejudice to the general powers of the Board of Directors set forth in section 6.1, above, the directors shall have the power to:

(a) Exercise all powers vested in the Board under the Governing Documents and under the laws of the State of California.

(b) Appoint and remove all officers of the Association, and prescribe any powers and duties for such persons that are consistent with law, the Articles of Incorporation and these Bylaws.

(c) Appoint such agents, contractors and employ such other employees, including attorneys and accountants, as it sees fit to assist in the operation of the Association, and to fix their duties and to establish their compensation.

(d) Adopt and establish rules and regulations subject to the provisions of the Declaration, governing the use of the Common Areas, and Governing Document enforcement; and take such steps as it deems necessary for the enforcement of such rules and regulations, including the imposition of monetary penalties and/or the suspension of voting rights; provided notice and a hearing are provided as more particularly set forth in section 12.6 of the Declaration.

(e) Enforce all applicable provisions of the Governing Documents relating to the control, management, and use of the Lots and Common Areas within the Properties.

(f) Contract for and pay premiums for fire, casualty, liability and other insurance and bonds (including indemnity bonds) which may be required from time to time by the Association.

(g) Contract for and pay for maintenance, supplies, labor and services that may be required from time to time in relation to the Common Areas.

(h) Contract for and pay for construction or reconstruction of any portion or portions of the Properties which have been damaged or destroyed and which the Association is obligated to rebuild.

(i) Delegate its duties and powers hereunder to the officers of the Association or to committees established by the Board, subject to the limitations expressed in section 10.1 hereof.

(j) Levy and collect Assessments from the Members of the Association in accordance with the Declaration.

(k) Perform all acts required of the Board under the Declaration.

(l) Prepare budgets and maintain a full set of books and records showing the financial condition of the affairs of the Association in a manner consistent with generally accepted accounting principles, and at least annually prepare an annual financial report, a copy of which shall be delivered to each Member as provided in section 11.5 hereof.

(m) Appoint a nominating committee for the nomination of persons to be elected to the Board, and prescribe rules under which said nominating committee is to act, all as more particularly described in section 6.4 hereof.

(n) Appoint such other committees as it deems necessary from time to time in connection with the affairs of the Association in accordance with article X hereof.

(o) Fill vacancies on the Board of Directors or in any committee, except in those circumstances where the Members have the power to fill the vacancy pursuant to section 6.6(e).

(q) Open bank accounts and borrow money with Member approval on behalf of the Association and designate the signatories to such bank accounts.

(r) Bring and defend actions on behalf of the Members in common or the Association to protect the interests of the Members in common or the Association, as such, so long as the action is pertinent to the operations of the Association, and assess the Members for the cost of such litigation.

Section 9.2. Limitations on Powers. Without the vote or written assent of a majority of the Voting Power of the Association, the Board of Directors shall not take any of the following actions:

(a) Incur aggregate expenditures for capital improvements to the Common Areas in any fiscal year in excess of 5 percent of the budgeted gross expenses of the Association for that fiscal year; provided, however, that this limitation shall not apply to the expenditure of any funds accumulated in a reserve fund for capital replacement or new capital improvements so long as the expenditure is for the purpose for which the fund was established.

(c) Pay compensation to members of the Board of Directors or officers of the Association; provided that directors and officers can be reimbursed for reasonable out-of-pocket expenses, verified in writing, incurred in the discharge of their duties.

(d) Fill any vacancy on the Board of Directors that the Members are empowered to fill in accordance with section 6.6(e) hereof.

ARTICLE X Committees

Section 10.1. Committees of Directors. In addition to the nominating committee appointed and constituted pursuant to section 6.4(a) of these Bylaws, the Board may, by resolution adopted by a majority of the directors then in office, designate one or more committees, each consisting of at least two directors, to serve at the pleasure of the Board. All committees shall be chaired by a director. All Committees shall act in an advisory capacity to the Board of Directors and their decisions shall be considered as recommendations to the Board which shall retain final authority with respect to the subject matter of the recommendation.

Section 10.2. Meetings and Actions of Committees. Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of article VIII of these Bylaws, concerning meetings of directors, with such changes in the context of those provisions as are necessary to substitute the committee and its members for the Board of Directors and its members, except that the time for regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee. Special meetings of committees may also be called by resolution of the Board of Directors. Notice of special meetings of committees shall also be given to any and all alternate members, who shall have the right to attend all meetings of the committee. Unless otherwise provided in the Board resolution establishing the committee, minutes shall be kept of each meeting of any committee and shall be filed with the Association records. The Board of Directors may adopt additional rules, not inconsistent with the provisions of these Bylaws, for the governance of any committee.

ARTICLE XI

Member Assessment Obligations and Association Finances

Section 11.1. Description of Assessments to Which Owners Are Subject. The Owners of Lots within those portions of the Properties subject to the Declaration are subject to Regular, Special and Special Individual Assessments as more particularly described in article VIII of the Declaration.

Section 11.2. Checks. All checks or demands for money and notes of the Association shall be signed by the president and treasurer, or by such other officer or officers or such other person or persons as the Board of Directors may from time to time designate. Notwithstanding the foregoing, any withdrawal of funds from Association reserve accounts shall require the signature of two directors.

Section 11.3. Operating Account. There shall be established and maintained a cash deposit account to be known as the "Operating Account" into which shall be deposited the operating portion of all Regular and Special Assessments as fixed and determined for all Members. Disbursements from such account shall be for the general need of the operation including, but not limited to, wages, repairs, betterments, maintenance, and other operating expenses of the Properties.

Section 11.4. Other Accounts. The Board shall maintain any other accounts it shall deem necessary to carry out its purposes, including reserve accounts for replacement of capital improvements as more particularly set forth in article VIII of the Declaration. All Association books of account shall be maintained in accordance with generally accepted accounting principles.

Section 11.5. Budgets and Financial Statements. The following financial statements and related information for the Association shall be regularly prepared and copies thereof shall be distributed to each Member of the Association:

(a) Fiscal Year. The calendar year shall be the fiscal year of the Association.

(b) Budget. A pro forma operating budget meeting the requirements of this subparagraph shall be distributed to Members not less than 45 days nor more than 60 days prior to the beginning of the fiscal year. The budget shall include at least the following information:

(i) The Association's estimated revenue and expenses on an accrual basis;

(ii) A summary of the Association's reserves based upon the most recent review or study conducted pursuant to section 11.7, below, and Civil Code section 1365.5, which shall be printed in bold type and include all of the following:

(A) The current estimated replacement cost, estimated remaining life and estimated useful life of each major component of Common Facilities which the Association is obligated to repair, replace, restore or maintain (collectively "Association Capital Projects");

(B) As of the end of the fiscal year for which the reserve study is prepared, the current estimate of the amount of cash reserves necessary for Association Capital Projects and the current amount of accumulated cash reserves actually set aside for Association Capital Projects.

(C) The percentage that the amount of accumulated cash reserves is of the estimated amount of necessary cash reserves calculated under subparagraph (B), above.

(iii) A statement as to whether the Board of Directors has determined or anticipates that the levy of one or more special assessments will be required to repair, replace or restore any major component or to provide adequate reserves therefor; and

(iv) A general statement setting forth the procedures used by the Board of Directors in calculating and establishing reserves to defray the future costs of repair, replacement or additions to major components of Association's Common Facilities.

In lieu of distributing the complete pro forma operating budget as specified above, the Board of Directors may elect to distribute a summary of the budget to the Members (within the time limits provided above), together with a notice that the complete budget is available at the Association's principal office and that copies will be furnished, upon request, to any Member at the Association's expense. This notice shall be presented on the front page of the budget summary in at least 10-point bold type. If a Member requests a copy of the complete budget, the Association shall mail the material, via first class mail, within five days.

(c) Year-End Report. Within 120 days after the close of the fiscal year, a copy of the Association's year-end report consisting of at least the following shall be distributed to Members:

(i) A balance sheet as of the end of the fiscal year;

(ii) An operating (income) statement for the fiscal year;

(iii) A statement of changes in financial position for the fiscal year;

(iv) A statement advising Members of the place where the names and addresses of the current Members are located; and

(v) Any information required to be reported under Corporations Code section 8322 requiring the disclosure of certain transactions in excess of \$50,000 per year between the Association and any director or officer of the Association and indemnifications and advances to officers or directors in excess of \$10,000 per year.

The annual report shall be prepared in accordance with generally accepted accounting principles by a licensee of the State Board of Accountancy for any fiscal year in which the gross income of the Association exceeds \$75,000. If the annual report is not prepared by such a licensee, it shall be accompanied by the certificate of an authorized officer of the Association that the statement was prepared without an audit from the books and records of the Association.

(d) Annual Statement Regarding Delinquency/Foreclosure Policy. In addition to financial statements, the Board of Directors shall annually distribute, within 60 days prior to the beginning of the fiscal year, a statement describing the Association's policies and practices in enforcing its remedies against Members for defaults in the payment of Regular and Special Assessments including the recording and foreclosing of liens against Members' Lots.

(e) Review of Accounts. On no less than a quarterly basis, the Board of Directors shall:

(i) Review a current reconciliation of the Association's operating accounts;

(ii) Review a current reconciliation of the Association's reserve accounts;

(iii) Review the current year's actual reserve revenues and expenses compared to the current year's budget;

(iv) Review the Association's latest account statements prepared by the financial institution(s) with whom the operating and reserve accounts are lodged; and

(v) Review the Association's income and expense statement for the operating and reserve accounts.

Section 11.6. Required Reserve Studies. At least once every three years, the Board shall cause a study of the reserve account requirements of the Properties to be conducted if the current replacement value of the major components of the development which the Association is obligated to repair, replace, restore or maintain is equal to or greater than one-half of the gross budget of the Association for any fiscal year. The Board shall also review any reserve study required hereunder on an annual basis and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review. The reserve study required hereunder shall include the minimum requirements specified in Civil Code section 1365.5 or comparable successor statute.

To the extent one document provides the information required in more than one of the above listed items, any such requirements listed above may be satisfied by reviewing the same document.

Section 11.7. Alternative Dispute Resolution (ADR) Disclosure. On an annual basis, the Board shall provide each member with a summary of the alternative dispute resolution provisions of Civil Code section 1354, which specifically references section 1354 and which includes the language required by section 1354(i). The summary shall be provided either at the time the budget required by section 11.5(b), above, is distributed to the Members or in the manner specified in Corporations Code section 5016.

ARTICLE XII
Miscellaneous

Section 12.1. Inspection of Books and Records.

(a) Member Inspection Rights. All accounting books and records, minutes of proceedings of the Members, the Board and committees of the Board and the membership list of the Association shall at all times, during reasonable business hours, be subject to the inspection of any Member or his or her duly appointed representative at the offices of the Association for any purpose reasonably related to the Member's interest as such. Member's rights of inspection hereunder shall be exercisable on 10 days' prior written demand on the Association, which demand shall state the purpose for which the inspection rights are requested. Inspection rights with respect to the membership list shall be subject to the Association's right to offer a reasonable alternative to inspection within 10 days after receiving the Member's written demand (as more particularly set forth in Corporations Code section 8330 et seq.).

(b) Director Inspection Rights. Every director shall have an absolute right at any reasonable time to inspect all books, records, documents and minutes of the Association and the physical properties owned by the Association. The right of inspection by a director includes the right to make extracts and copies of documents.

(c) Adoption of Reasonable Inspection Rules. The Board of Directors may establish reasonable rules with respect to: (i) notice of inspection; (ii) hours and days of the week when inspection may be made; and (iii) payment of the cost of reproducing copies of documents requested by the Member.

(d) Board Meeting Minutes. The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the Board of Directors, other than an executive session, shall be available to the Members within 30 days of the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any Member upon request and upon reimbursement of the Association's costs in making that distribution. Members shall be notified in writing at the time that the pro forma budget required by section 11.5 is distributed or at the time of any general mailing to the entire membership of the Members' right to have copies of the minutes of any Board meeting and how and where those minutes may be obtained.

Section 12.2. Robert's Rules of Order. In the event of a question or dispute concerning the procedural aspects of any meetings which cannot be resolved by reference to these Bylaws or applicable law, the matter shall be resolved by reference to Robert's Rules of Order.

Section 12.3. Amendment or Repeal of Bylaws. Except as otherwise expressly provided herein, these Bylaws may only be amended or repealed, and new Bylaws adopted by

the affirmative vote or assent by written ballot of a majority of the Voting Power of the Association; provided that if any provision of these Bylaws requires the vote of a larger proportion or all of the Members, such provisions may not be altered, amended or repealed except by such greater vote, unless otherwise specifically provided herein. Any amendment to these Bylaws shall become effective immediately upon approval by the Members. The secretary of the Association shall certify adoption of any duly approved amendment to the Bylaws and a copy of said certificate and the amendment shall be included in the Association's corporate records.

Section 12.4. Notice Requirements. Any notice or other document permitted or required to be delivered as provided herein may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered 72 hours after a copy of same has been deposited in the United States mail, postage prepaid, addressed as follows: If to the Association or the Board of Directors at the principal office of the Association as designated from time to time by written notice to the Members; if to a director, at the address from time to time given by such director to the secretary for the purpose of service of such notice; if to a Member, at the address from time to time given by such Member to the secretary for the purpose of service of such notice, or, if no such address has been so given, to the address of any Lot within the Properties owned by such Member.

Section 12.5. Indemnification.

(a) Indemnification by Association of Directors, and Officers, Employees and Other Agents. To the fullest extent permitted by law, the Association shall indemnify its directors and officers, including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any "proceeding" as that term is used in that section and including an action by or in the right of the Association, by reason of the fact that such person is or was a director or officer. The term "Expenses," as used in this section, shall have the same meaning as in Corporations Code section 7237(a).

(b) Approval of Indemnity by Association. On written request to the Board by any person seeking indemnification hereunder, the Board shall promptly determine in accordance with Corporations Code section 7237(e) whether the applicable standard of conduct set forth in section 7237(b) or section 7237(c) has been met and, if it has, the Board shall authorize indemnification. If the Board cannot authorize indemnification because the number of directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of directors who are not parties to the proceeding, the Board shall promptly call a meeting of Members. At that meeting, the Members shall determine under Corporations Code section 7237(e) whether the applicable standard of conduct set forth in section 7237(b) or section 7237(c) has been met and, if it has, the Members present at the meeting in person or by proxy shall authorize indemnification.

(c) Advancement of Expenses. To the fullest extent permitted by law and except as is otherwise determined by the Board in a specific instance, expenses incurred by a director or officer seeking indemnification under paragraphs (a) and (b) of this section in defending any proceeding covered by those sections shall be advanced by the Association before final disposition of the proceeding, on receipt by the Association of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the Association for those expenses.

(d) Insurance. The Association shall have the power to purchase and maintain insurance on behalf of its directors and officers against other liability asserted against or incurred by any director or officer employee or agent in such capacity or arising out of the director's or officer's status as such.

Section 12.6. Construction and Definitions. Unless the context requires otherwise or a term is specifically defined herein, the general provisions, rules of construction, and definitions in the California Nonprofit Mutual Benefit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, and singular number includes the plural and the plural number includes the singular. All captions and titles used in these Bylaws are intended solely for the reader's convenience of reference and shall not affect the interpretation or application of any of the terms or provisions contained herein.

CERTIFICATE OF SECRETARY

The undersigned, secretary of the corporation known as The Golden Oaks Association, hereby certifies that the above and foregoing Restated Bylaws, consisting of 24 pages, were duly adopted by written ballot of the Members of the Association on March 1, 1996, and that they now constitute the Bylaws of the Association.

THE GOLDEN OAKS ASSOCIATION, a California
nonprofit mutual benefit corporation

By _____
Betty McCollough, Secretary

RESTATED BYLAWS
OF
THE GOLDEN OAKS ASSOCIATION

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RESTATED BYLAWS
OF
THE GOLDEN OAKS ASSOCIATION