

BYLAWS

Whispering Palms Homeowners' Association

October 2009

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ARTICLE I

NAME AND LOCATION

The name of the Corporation is WHISPERING PALMS HOMEOWNERS ASSOCIATION, hereafter referred to as "ASSOCIATION."

The principal office of the Association shall be located in Whispering Palms, in the city of Hemet, County of Riverside, State of California. The meetings of Members and Directors shall be held in the Clubhouse of the Whispering Palms Homeowners Association or elsewhere on the Properties.

ARTICLE II

DEFINITIONS

Section 1 - Association shall mean and refer to Whispering Palms Homeowners Association, a California Non-profit Mutual Benefit Corporation, its successors and assigns.

Section 2 - Properties shall mean and refer to that certain real property located in the City of Hemet, County of Riverside, California, described as Tracts #16369, #16369-1, and #23301 as shown on subdivision maps recorded in Maps of the records of Riverside County, California, and as more particularly described in the Declaration of Restrictions, and any additions and annexations thereto.

Section 3 - Common Area shall mean and refer to those portions of the Properties and improvements thereon which are owned by the Association for the common use and enjoyment of all of the Owners and more particularly described as: Clubhouse, Clubhouse parking area, Recreation Area, RV Parking, and Streets and parking areas. (See Declaration of Restrictions for tract and lot numbers.) Area might be transferred to the Association in the future, pursuant to the terms of Article XVII of the Declaration of Restrictions.

Section 4 - Lot (also referred to as "subdivision interest") shall mean any residential lot shown upon a recorded subdivision map or recorded parcel map of the Properties with the exception of the Common Area.

Section 5 - Unit or Manufactured Home shall mean a Manufactured Home not less than 24 feet in width constructed on a Lot designed and intended for use and occupancy as a residence by a single family for a total of 50 when completed. No used Manufactured Home may be installed. (See Declaration of Restrictions for identity of lots in Phase 1.)

Section 6 – Unit or Site Constructed Home shall mean a home on a lot zoned, designed and intended for use and occupancy as a residence for a single family for a total of 79 units. (See Declaration of Restrictions for the identity of lots.)

Section 7 – Owner shall mean the person or persons holding fee simple interest of record to any Lot which is a part of the Properties, and such additions or annexations thereto, including sellers under executory contracts or sale, but excluding those having such interest merely as security for performance of an obligation.

Section 8 – Declaration shall mean and refer to the Declaration of Restrictions recorded with the Office of the County Recorder of Riverside County, California, covering the Properties, including such amendments thereto as may from time to time be recorded.

Section 9 – Member shall mean and refer to those persons entitled to membership in the Association as provided in the Declaration and in Article III of these Bylaws.

Section 10 – Board shall mean and refer to the Board of Directors of the Association.

Section 11 – Voting Power shall mean and refer to the total number of votes eligible to be cast in the Association based on one vote per lot, less the vote of any lot whose voting rights have been suspended.

ARTICLE III

MEMBERSHIP

ASSESSMENT

LIEN RIGHTS

Section 1 – Membership: Every Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Membership entitles the holder to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Section 2 – Common Assessments: The Common Assessment shall be at a uniform rate for each lot and shall be due on the first day of each month. The Board shall fix and determine the Common Assessments to be paid by each Owner for the purpose of operating, maintaining and repairing the Common Area, paying for the necessary expenditures of the Association as provided in these Bylaws and the Declaration, and establishing an operating reserve for replacement, all as set forth in the Declaration.

The Common Assessment paid by each owner provides for clubhouse, swimming pool, gate and street maintenance. Trash pickup, common and individual water use is also paid by the Association. For that reason and the importance of conservation, excessive use of water shall be avoided.

Section 3 – Capital Improvement, Reconstruction and Special Assessments: In addition to the Common Assessments authorized above, the Board may levy a Capital Improvement or a Reconstruction Assessment for the purpose of defraying, in whole or in part, the cost of any capital improvement or reconstruction to the Common Area or Special Assessments for such purpose as may be determined by the Board all as set forth in the Declaration.

Section 4 – Lien Rights: As provided in the Declaration, the Association may create a lien against the interest of each Owner in the Properties to secure the full and prompt payment of all assessments levied by the Association in compliance with these Bylaws, and in the event of default by the Owner, said interest of such Owner may be foreclosed by the Association in the same manner as a realty mortgage or may be enforced by sale pursuant to the appropriate sections of the California Civil Code and other applicable California codes. To that end a power of sale is hereby conferred upon the Association, and any redemption thereafter shall be subject to the lien hereby created as to other or future events of default; provided, however, that the liens hereby created shall, at all times, be subordinate and inferior to the lien of any first mortgage placed on the Lot.

The Common Assessment or any other assessment which is not paid within fifteen (15) days of the due date shall be delinquent. If any assessments are delinquent, the Association will charge a late fee and may charge interest, pursuant to the Declaration, and the Association may bring an action at law against the Member personally obligated to pay the same and, in addition thereto and in lieu thereof, may foreclose the lien as above provided, and interest, costs and reasonable attorney's fees incurred in any such action shall be added to the amount of such assessments. A twenty-five dollar (\$25) fee will be charged for all returned checks. No Member may waive or otherwise escape liability for the assessments provided herein by nonuse of the Common Area or abandonment of his/her Dwelling Unit.

Section 5 – Penalties: A monetary penalty imposed by the Association as a disciplinary measure for failure of a Member to comply with the governing instruments or as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to Common Areas and facilities for which the Member was allegedly responsible or in bringing the Member and his subdivision interest into compliance with the governing instruments may not be characterized or treated in the governing instruments as an assessment which may become a lien against the Member's subdivision interest enforceable by a sale of the interest in accordance with the provisions of the California Civil Code.

The provisions of this Section 5 regarding monetary penalty do not apply to charges imposed against an Owner consisting of reasonable late payment penalties for delinquent assessments and/or charges to reimburse the Association for the loss of interest and for costs reasonable incurred (including attorney's fees) in its efforts to collect delinquent assessments.

If there exists a conflict between the terms of this Article III Section 5 and any other provisions of these Bylaws, this Article III, Section 5 will prevail.

ARTICLE IV

MEMBERSHIP RIGHTS PRIVILEGES

No Member shall have the right without the prior approval of the Board to exercise any of the powers or to perform any of the acts by these Bylaws delegated to the Board. Unless otherwise provided in the Declaration and subject to the rules and regulations adopted by the Board, each Member of the Association, his immediate family, guests and tenants shall have the right to use and enjoy the Common Area.

The Membership rights and privileges, together with the voting rights of any Member of the Association, may be suspended by the Board for any period of time during which assessment on his Lot remains unpaid, and for a period not to exceed thirty (30) days for any infraction of the Association's published rules and regulations after appropriate written notice and an opportunity for a hearing before the Board has been given (pursuant to California Corporation Code 7341). Reasonable monetary penalties may be adopted by the Board.

ARTICLE V

MEETINGS OF MEMBERS

Section 1 – Place of Meetings: All meetings of Members shall be held at the Clubhouse of the Whispering Palms Homeowners Association or elsewhere on the Properties as may be designated in the notice of meeting.

Section 2 – Annual Meeting of Members: The annual meeting of Members shall be held in the month of March each year.

Section 3 – Notice of Meetings of Members: Written notice of each meeting shall be given to each member by, or at the direction of, the Board of Directors or person authorized to call the meeting, by mailing by first class mail or personal delivery at least ten (10) (except in emergency situations in which case as much advance notice shall be given as is reasonably possible) but not more than ninety (90) days before such meeting, to each Member, and upon written request therefore, to all first Mortgagees, either personally or by sending a copy of the notice through the mail, fax, e-mail, or by telegram, charges prepaid, to his/her address appearing on the books of the Association or supplied by him to the Association for the purpose of notice. If no address is supplied, notice shall be deemed to have been given to a Member if mailed to the address of the Lot owned by such Member or encumbered by the first Mortgagee, or published at least once in some newspaper of general circulation in the county of said principal office. All such notices shall specify the place, day and hour of the meeting and those matters which the Board, at the time of the mailing of the notice, intends to present for action by the Members.

Section 4 – Special Meetings: Special meetings of Members, for any purpose or purposes whatsoever, may be called at any time by a majority vote of the Board, and shall be called by the Board of Directors upon receipt of a written request signed by members representing not less than five percent (5%) of the members of the Association. Written notice of such special meetings must be given in the same manner as notices for annual meetings of Members, however, in the event a Special Meeting is requested by five percent (5%) or more of the members, the Board of Directors shall forthwith cause notice to be given to the members entitled to vote that a meeting will be held at a time fixed by the Board not less than 35 nor more than 90 days after the receipt of the request. If the notice is not given within 20 days after receipt of the request, the persons entitled to call the special meeting may give the notice. Notices of any special meeting shall specify, in addition to the place, day and hour of such meeting, the general nature of the business to be transacted.

Section 5 – Quorum: The presence in person or by ballot of a simple majority of the voting power entitled to vote at any meeting shall constitute a quorum for the transaction of business. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment.

Section 6 – Adjourned Meetings and Notice Thereof: Any Membership meeting, annual or special, whether or not a quorum is present, may be adjourned by the vote of the majority of the voting power present in person, but in the absence of a quorum no other business may be transacted at any such meeting. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting, after adjournment the nature of the time and place of the adjourned meeting shall be given to Members in the same manner prescribed for regular meetings. The meeting must be held not less than five (5) days nor more than thirty (30) days from the time the original meeting was called and the quorum requirement shall be twenty-five percent (25%) of the voting power of the Membership of the Association.

Section 7 – Consent of Absentees: The transactions of any meeting of Members, either annual or special, however called and noticed, shall be valid as though taken at a duly called, noticed, and held meeting if:

- a) a quorum is present at the meeting, either in person or by ballot, and
- b) either before or after the meeting, each of the Members who was not present in person or by ballot signs a written waiver of notice, or a consent to the holding of the meeting, or an approval of the minutes of the meeting.

All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 8 – Mortgagee Representation: First Mortgagees shall have the right to attend all Membership meetings through a representative whose name has been designated in writing and delivered to the Board.

Section 9 - Action Without Meeting: Any action which may be taken by the vote of the Members at a regular or special meeting may be taken without a meeting if done in compliance with the provisions of the current California Corporation Code.

ARTICLE VI

ELECTION RULES

Section 1 – Applicability of Election Rules: These Election Rules shall apply to any and all substantive matters for which a vote of members of the Whispering Palms Homeowners Association is required. Any vote of the membership must take place at a meeting of the members, according to the procedures set forth herein below. These Election Rules do not apply to motions to approve minutes, motions to adjourn, and other motions of a non-substantive nature which may occur in the course of a meeting of the members.

Section 2 – Nominations: In addition to any nominations made by a Nominating Committee, nominations for election to the Board of Directors may be made from the floor at the January meeting of the Board of Directors. At that time, a member may nominate himself or herself.

Section 3 – Equal Access: For a period of sixty (60) days prior to the meeting (the "Campaign Period"), all candidates for the Board of Directors, including persons not endorsed by the Board, who are not incumbents, or who have not been nominated by the Nominating Committee, and all members advocating a point of view, shall have the same degree of access to Association media, newsletters, Internet Web sites and Association Common Areas for purposes reasonably related to the election. The Association shall not edit or redact any content from communications, but may include a statement specifying that the candidate or member, and not the Association, is responsible for content. The Common Area meeting space shall be afforded to all candidates at no cost during the Campaign Period.

Section 4 – Voting: At all meetings of members, one vote may be cast per Living Unit by an owner thereof. ***All voting of the members shall be by secret ballot***, as set forth in Article VI, Section 5. The candidates receiving the highest number of votes up to the number of Directors to be elected shall be elected.

Unless the entire Board is removed from office by the vote of Members, no individual Director shall be removed prior to the expiration of his/her term of office without following the procedure prescribed in the Declaration of Restrictions (Article IV, Section 3 of the CC&Rs). In the event the election of Directors is held at any meeting of Members, each Member shall have the right to nominate from the floor candidates for the Office of Director at the Board meeting immediately prior to the distribution of ballots.

Section 5 – Ballots: Ballots and two pre-addressed envelopes with instructions on how and when to return ballots shall be mailed by first-class mail or personally delivered to each member of the Association not less than thirty (30) days prior to any meeting at which a vote is to be taken by the members. In order to preserve confidentiality, the voter may not be identified in any manner on the ballot (including but not limited to name, address, or unit number). The ballot itself is not signed by the voter, but is inserted into an envelope that is sealed. This envelope is inserted into a second

envelope on which the voter prints and signs his or her name, and writes the address or unit number that entitles him or her to vote. The second envelope is addressed to the Inspector(s) of Election who shall, if requested, provide the voter with a receipt for delivery. The envelope may be mailed or delivered by hand to a location specified by the Inspectors of Election.

The sealed ballots at all times shall be in the custody of the Inspectors of Election or at a location designated by the Inspectors until after the tabulation of the vote.

Section 6 – Proxies: Proxies may *not* be used.

Section 7 – Persons Entitled to Vote: All members of the Association who are in good standing, shall be entitled to vote. All members of the Association shall be presumed to be in good standing unless their right to vote has been suspended by the Board of Directors in accordance with Civil Code Section 1363.

Section 8 – Election and Terms of Office: Directors shall be elected for a term of two (2) years. If more than three vacancies are being filled, the three candidates receiving the greatest number of votes shall be elected for two (2) years and the nominee(s) receiving the next highest number of votes shall be elected for one (1) year. If any annual meeting is not held, or the Directors are not elected thereat, the Directors may be elected at any special meeting of Members held for that purpose. All Directors shall hold office until their successors are elected.

Section 9 – Inspectors of Election: The Board of Directors shall appoint three (3) Inspectors of Election, each of whom shall be independent third parties, and not a member of the Board of Directors, a candidate for the Board of Directors, related to a member of the Board of Directors or a candidate for the Board of Directors, or a person who is currently employed by or under contract to the Association.

Section 10 – Duties of the Inspectors of Election: The Inspectors of Election shall:

- a. Receive the ballots, and retain them until the time of the meeting;
- b. Determine the number of memberships entitled to vote and the voting power of each;
- c. Attend the meeting;
- d. Determine when the polls shall close (see Article VI, Section 11);
- e. Hear and determine challenges and questions in any way arising out of or in connection with the right to vote;
- f. Open sealed ballots; count and tabulate all votes (see Article VI, Section 12);
- g. Determine the results of the election, and certify the same; and,

- h. Perform any acts as may be proper to conduct the election with fairness to all members in accordance with Civil Code Section 1363.03 and all applicable rules of the Association regarding the conduct of the election that are not in conflict with Civil Code Section 1363.03.

The Inspectors of Election shall perform their duties impartially, in good faith, to the best of their ability, and as expeditiously as practical. The decision or act of a majority shall be effective in all respects as the decision or act of all. Any report made by the Inspectors of Election is prima facie evidence of the facts stated in the report.

Section 11 – Closing of the Polls: During the meeting, the Inspectors of Election shall determine the time when the polls shall close, and so inform the Board of Directors, who shall promptly announce to the members attending the meeting the time the polls will close.

Section 12 – Tabulation of Votes: After the polls close, all votes shall be counted and tabulated by the Inspectors of Election in public at the meeting. Any candidate or other member of the Association may witness the counting and tabulation of the votes. No person, including a member of the Association or an employee of the management company, shall open or otherwise review any ballot prior to the time and place at which the ballots are counted and tabulated. The results of the election shall be promptly reported to the Board of Directors of the Association and shall be recorded in the minutes of the meeting, and in the minutes of the next meeting of the Board of Directors, which minutes shall be available for review by members of the Association. Within 15 days of the election, the Board shall publicize the results of the election in a communication directed to all members.

Section 13 - Custody of Election Records: The sealed ballots and absentee ballots shall at all times be in the custody of the Inspectors of Election or at a location designated by the Inspectors of Election until after the tabulation of the vote, at which time custody shall be transferred to the Association. Thereafter, the Association shall store the ballots in a secure place for no less than one year after the date of the election. In the event of a recount or other challenge to the election process, the Association shall, upon written request, make the ballots available for inspection and review by Association members or their authorized representatives. Any recount shall be conducted in a manner that shall preserve the confidentiality of the vote.

ARTICLE VII

DIRECTORS

Section 1 – Powers and Duties: The Directors shall have the powers and duties set forth in the Declaration.

Section 2 – Number and Qualifications of Directors: The Board shall consist of five (5) Directors until changed by amendment to this section of the Bylaws. Directors must be Members of the Association and reside in the community of Whispering Palms.

Section 3 – Terms of Office: See Article VI, Section 8

Section 4 – Removal of Directors: The entire Board of Directors or an individual Director may be removed by a vote of the owners holding a majority of outstanding membership entitled to vote at an election of Directors. Causes of removal may include incompetence, malfeasance, theft, embezzlement or conviction of a felony. Excessive absence (three consecutive meetings) may also be considered cause for removal.

Section 5 – Vacancies on the Board: Vacancies on the Board may be filled by a majority of the remaining Directors, though less than a quorum, and each Director so elected shall hold office until his successor is elected at an annual meeting of Members or at a special meeting called for that purpose. A vacancy or vacancies shall be deemed to exist in case of death, resignation or removal of any Director, or if Members shall increase the authorized number of Directors but shall fail at the meeting at which such increase is authorized, or at any adjournment thereof, to elect the additional Directors so provided for, or in case the Members fail at any time to elect the full number of authorized Directors.

The Members may at any time elect Directors to fill any vacancy not filled by the Directors, and may elect the additional Directors at the meeting at which an amendment to the Bylaws is voted authorizing an increase in the number of Directors.

If any Director tenders his/her resignation to the Board, the Board shall have the power to elect a successor to take office at such time as the resignation shall become effective. No reduction of the number of Directors shall have the effect of removing any Director prior to the expiration of his/her term of office.

A vacant Director's position caused by removal may only be filled by a majority vote of the Members of the Association. Any Director elected solely by the votes of the Members may be removed only by the vote of a simple majority of the Members.

Section 6 – Place of Board Meetings: All meetings of the Board shall be held at the Association Clubhouse or within the Properties.

Section 7 – Organizational Meeting: Immediately following each annual meeting of Members, the Board shall hold a meeting for the purpose of organization, election of officers and the transaction of other business.

Section 8 – Frequency of Meetings: Regular meetings of the Board shall be held at least bi-monthly at a time and place fixed by the Board.

Section 9 – Notice of Board Meetings: Notice of the time and place of a regular meeting of the Board shall be posted at a prominent place or places within the Properties and shall be communicated to each Board member not less than four (4) days prior to the meeting provided, however, that notice of a meeting need not be given to any Board member who has signed a waiver of notice or a written consent to holding of the meeting.

Section 10 – Special Meetings of the Board: Special meetings of the Board may be called by written notice signed by the President of the Association or by any two (2) Directors other than the President.

Written notice of the time and place of special meetings and the nature of any special business to be considered shall be delivered personally to the Directors or sent to each Director by letter, fax, e-mail or by telegram, charges prepaid, not less than seventy-two (72) hours prior to the scheduled time of the meeting. The notice of the meeting, however, need not be given to any Board member who has signed a waiver of notice or a written consent to the holding of the meeting. Notice of the special meeting shall also be posted in the manner prescribed for notice of regular meetings.

Section 11 – Notice of Adjournment: Notice of adjournment of any Directors' meeting, either regular or special, need not be given to absent Directors if the time and place are fixed at the meeting adjourned.

Section 12 – Entry of Notice: Whenever any Director has been absent from any special meeting of the Board, an entry in the minutes to the effect that notice has been given shall be conclusive and incontrovertible evidence that due notice of such special meeting was given to such Director as required by law and these Bylaws.

Section 13 – Waiver of Notice: Notice of a meeting need not be given to any Director who signed a waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting the lack of notice to such Director, either prior to the meeting or at its commencement. All such waivers shall be filed with the corporate records or made a part of the minutes of the meeting. (Corp. Code 7211 [a])

Section 14 – Quorum: A majority of the authorized number of Directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. 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 an act of the Board.

Section 15 – Adjournment: A quorum of the Directors may adjourn any Directors' meeting to meet again at a stated day and hour provided. In the absence of a quorum, a majority of the Directors present at a Directors meeting, either regular or special, may adjourn until the time fixed for the next regular meeting of the Board.

Section 16 – Compensation and Fees: Neither the Directors nor the officers of the Association shall receive any monetary compensation for their services performed in the conduct of business or the voting power of the Association. Nothing herein contained shall be construed to preclude any Director or officer from serving the Association in any other capacity as an agent, employee or otherwise and receiving compensation therefore. Directors and officers of the Association may be reimbursed for expenses incurred in carrying on the business of the Association.

Section 17 – Action of Board Without Meeting: Any action required or permitted to be taken by the Board in emergency situations may be taken without a meeting if all members of the Board consent in writing to the action to be taken. An explanation of the action taken shall be posted in a prominent place or places within the Common Area within three (3) days after the unanimous written consent of the Board Members has been obtained.

Section 18 – Attendance at Meetings and Executive Sessions: Regular and special meetings of the Board shall be open to all Members of the Association. Members who are not on the Board, however, may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board. The Board may, upon the vote of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved and other matters of business of a similar nature. Only members of the Board shall be entitled to attend executive sessions. The nature of any and all business to be considered in executive session shall be announced in open session.

Section 19 – Executive Committee: The Board shall have the power to appoint an Executive Committee and to delegate to such Committee any of the powers and authorities of the Board in the management of the business and affairs of the Association, except the power to adopt, amend or repeal Bylaws. The Executive Committee shall be composed of three (3) or more Directors, one of whom shall also be the President. The Board shall have the power to appoint other committees as required.

ARTICLE VIII

OFFICERS

Section 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 (1) or more assistant secretaries, one (1) or more assistant treasurers and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article. Officers other than the President need not be Directors. One (1) person may hold one (1) office only.

Section 2 – Election: The officers of the Association, except such officers as may be appointed in accordance with Section 3 or Section 5 of this Article VIII, shall be chosen annually by the Board, and each shall hold his office until he shall resign, or shall be removed, or otherwise disqualified. The Board may delegate certain of the powers and duties which normally reside in the officers of the Association, to a professional management company in order to assist with the operation and control of the Association.

Section 3 – Subordinate Officers: The Board may appoint such other officers as the business 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 or as the Board may determine.

Section 4 – Removal and Resignation: Any officer may be removed, with cause, (See Removal of Directors, Article VII, Section 4) by a majority of the Directors at the time in office, at any regular or special meeting of the Board or, except in the case of an officer chosen by the Board, by any officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time by giving written notice to the Board or President, or to the Secretary of the Association. 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.

Section 5 – 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 6 – President: The President 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 business and officers of the Association. He/She shall preside at all meetings of the Members and at all meetings of the Board. The President shall be ex-officio Member of all standing committees, including the Executive Committee, if any, and shall have the general powers and duties of management usually vested in the office of the president of a corporation, and shall have such powers and duties as may be prescribed by the Board or by the Bylaws. He/She shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all promissory notes of the Association.

Section 7 – Vice-President: 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 powers of and be subject to all the restrictions upon the President. The Vice-President shall have such other powers and perform such other duties as may be prescribed for him by the Board or by the Bylaws.

Section 8 – Secretary: The Secretary shall keep, or cause to be kept, a book of minutes at the principal office, or such other place as the Board may order, of all meetings of Directors and Members, with the time and place of holding; whether regular or special and, if special, how authorized, the notice thereof given, the names of those present at the Directors meetings, the number of Membership present or represented at Members' meetings and the proceedings thereof. The Secretary shall give, or cause to be given, notice of all meetings of the members of the Board required by the Bylaws or by law to be given, and shall keep other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

Section 9 – Treasurer: 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 and surplus. The books of account shall at all times be open to inspection by any Director. The Treasurer shall also prepare a monthly financial report that will be available to the Membership for review.

The Treasurer shall co-sign all promissory notes of the Association and 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, unless disbursement of funds has been delegated to a financial management company, and shall render to the President and Directors, whenever they request it, an account of all his/her transactions as Treasurer and of the financial condition of the Association. The Treasurer shall also have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

Section 10 – Member-at-Large: The Member-at-Large shall accept the responsibilities designated by the Board.

Article IX

MISCELLANEOUS

Section 1 – Checks, Drafts, Etc.: All checks, drafts or other orders for payment of money, notes or other evidence of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by two Members of the Board of the Association, or by a professional financial management company if so authorized by the Board provided, however, withdrawal of funds from the Association's reserve account shall require the signature of either: (a) two members of the Board of Directors, or (b) one member of the Board of Directors and the Treasurer.

Section 2 – Contracts, Etc., How Executed: The Board, except as in the Bylaws otherwise provided, may authorize any officer or officers, agent or agents to enter into any contract or execute any instrument in the name and/or behalf of the Association, and such authority may be general or confined to specific instances. Unless so authorized by the Board, no officer, agent or employee shall have the power or authority to bind the Association to any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

Section 3 – Inspection of Books and Records: The Association shall keep in its principal office for the transaction of business or at such other place within the Properties as the Board shall prescribe, the original or a copy of the Bylaws as amended or otherwise altered to date, certified by the Secretary; a Membership register, including mailing addresses and telephone numbers; books of account; and copies of minutes of all Membership, Board and Committee meetings, all of which shall be made available for inspection and copying by any Member of the Association, or by any Member's duly appointed representative or by any first Mortgagee, at any reasonable time and for a purpose reasonably related to his interest as a Member or Mortgagee. The Board shall establish reasonable rules with respect to:

- a) Notice to be given to the custodian of the records by the Member or Mortgagee desiring to make the inspection:
- b) Hours and days of the week when such inspection may be made; and
- c) Payment of the costs of reproducing copies of documents requested.

Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the Common Area. Unless otherwise limited by law, the right of inspection by a Director shall include the right at his expense to make extracts and copies of documents.

Section 4 - Fiscal Year: The fiscal year of the Association shall begin on the first (1st) day of July and end on the thirtieth (30th) day of June of each year.

Section 5 – Financial Statements: Pursuant to Article XVI of the Declaration, the Board shall cause a financial statement (including a balance sheet and operating statement) of the affairs of the Association to be made and distributed to each Member of the Association. Said financial statement shall include a biannual external audit by an independent public accountant for each fiscal year in which the gross income of the Association exceeds \$75,000. A copy of the financial statement shall be distributed personally or by mail to each Member of the Association, and upon written request, to all first Mortgagees within one hundred twenty (120) days following the end of each fiscal year.

Section 6 – Budget: Pursuant to Article XVI of the Declaration, the Board shall cause a proforma operating statement (budget) for the Association to be prepared for each fiscal year of the Association, a copy of which shall be distributed personally or by mail to each of the Members of the Association, not less than forty-five (45) nor more than sixty (60) days prior to the beginning of the fiscal year to which the budget relates.

Section 7 – Conflict: If there exists conflict between the terms of these Bylaws and the recorded Declaration of Restrictions covering the Properties, the recorded Declaration will prevail.

ARTICLE X

AMENDMENTS

Except as otherwise provided herein, new Bylaws may be adopted or these Bylaws may be amended or repealed by the vote or written assent of Members of the Association with a simple majority.

AFFADAVIT OF ASSOCIATION SECRETARY

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of WHISPERING PALMS HOMEOWNERS ASSOCIATION, a California Non-Profit Corporation; and
2. That the foregoing Bylaws, comprising fifteen (15) pages, constitute the Bylaws of said Corporation duly adopted at the meeting of the Members of the Whispering Palms Homeowners Association accepted by a vote of simple majority of the Members thereof duly held on October 13, 2009.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Corporation this 1st day of March, 2010.

Judi D McEvers
Secretary