

Revised September 3, 2011

**RESTATED BYLAWS OF
ALTA SIERRA MUTUAL WATER COMPANY**
A California Non-Profit Mutual Benefit Corporation

ARTICLE I

NAME

NAME: The name of this Corporation is:

ALTA SIERRA MUTUAL WATER COMPANY
(Hereinafter Company or Corporation)

ARTICLE II

OFFICES

SECTION 2.01: PRINCIPAL OFFICE.

The principal office for the transaction of the activities and affairs of the Corporation (“principal office”) shall be located in Wofford Heights, County of Kern, State of California. The Board of Directors (the “Board”) may change the principal office from one location to another. Any change of location of the principal office shall be noted by the Secretary on these Bylaws opposite this section, or this section may be amended to state the new location.

SECTION 2.02: OTHER OFFICES.

The Board may at any time establish branch or subordinate offices at any place or places where the Corporation is qualified to conduct its activities.

ARTICLE III

PURPOSES, SERVICE AREA AND LIMITATIONS

SECTION 3.01: PURPOSES.

This Corporation is a non-profit Mutual Benefit Corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Mutual Benefit Corporation Law. The purpose of this Corporation is to engage in any lawful act or activity for

which a corporation may be organized under such law. Such purposes for which this Corporation is termed are acquire, maintain, distribute and supply water for domestic purposes to the persons, firms and corporations owning lots, holding contracts to purchase lots in the Company Service Area as defined herein in Section 3.02. To acquire, maintain and develop wells and other available sources of water for delivery to the Company Service Area. To acquire, maintain and develop a water transmission system with storage facilities for the Company Service Area. To acquire lands and interests in lands for the purpose of developing, maintaining, distributing and supplying water to the Company Service Area. Notwithstanding any other provision of these Bylaws, this Corporation shall not, except to an insubstantial degree, carry on or engage in any activities or exercise any powers that are not in furtherance of the purposes of this Corporation. Additionally, the Corporation shall not carry on any other activities not permitted to be carried on (1) by a corporation exempt from Federal income tax under Section 501 (c) (7) of the Internal Revenue Code; or, (2) by a corporation, contributions to which are educible under Section 170 (c) (2) of the Internal Revenue Code.

SECTION 3.02: SERVICE AREA.

The Company Service Area is limited to effect the organization of a mutual water company to acquire, maintain, distribute and supply water for domestic purposes to the persons, firms and corporations owning lots or holding contracts to purchase lots in Alta Sierra Tract No. 1 in the County of Kern, State of California, as per map thereof recorded in the Office of the County Recorder of Kern County, California on July 25, 1927 in Book 4 Page 8 of Maps; and in Alta Sierra Tract No. 2 in the County of Kern, State of California, as per map thereof recorded in the Office of the County Recorder of Kern County, California on May 31, 1928 in Book 4 Page 14 of Maps; and that certain area which appears upon the aforesaid map of Alta Sierra Tract No. 2, which is described as follows:

“Beginning at the Southeast corner of said Alta Sierra Tract No. 2; thence Westerly along the South line of said Alta Sierra Tract No. 2 a distance of 105.7 feet more or less to a point in the Southwesterly line of State Highway Route 142 which is the true point of beginning; thence along the Southerly line of said State Highway Route 142 the following courses and distances; North 25 degrees 31 minutes West a distance of 48.4 feet; thence South 87 degrees 59 minutes West a distance of 171.3 feet; thence South 60 degrees 6 minutes West 73:4 feet, more or less to a point on the South line of said Alta Sierra Tract No. 2; thence Easterly along the South line of said Alta Sierra Tract No. 2 to the true point of beginning; said area is also designated "Not a part of this subdivision" on the aforesaid map of Alta Sierra Tract No. 2."

The right to receive water from this Corporation shall be appurtenant and limited to the lands in Alta Sierra Tract No. 1 in the County of Kern, State of California, as per map thereof recorded in the Office of the County Recorder of Kern County, California on July 25, 1927 in Book 4 Page 8 of Maps; and in Alta Sierra Tract No. 2 in the County of Kern, State of California, as per map thereof recorded in the Office of the County Recorder of Kern County, California on May 31, 1928 in Book 4 Page 14 of Maps; and that certain land which appears in part upon the aforesaid map of Alta Sierra Tract No. 2 which part is described as follows:

“Beginning at the Southeast corner of said Alta Sierra Tract No. 2; thence Westerly along the South line of said Alta Sierra Tract No. 2 a distance of 105.7 feet more or less to a point in the Southwesterly line of State Highway Route 142 which is the true point of beginning; thence along the Southerly line of said State Highway Route 142 the following courses and distances: North 25 degrees 31 minutes West a distance of 48.4 feet; thence South 87 degrees 59 minutes West a distance of 171.3 feet; thence South 60 degrees 6 minutes West 73.4 feet, more or less to a point on the South line of said Alta Sierra Tract No. 2; thence Easterly along the South line of said Alta Sierra Tract No. 2 to the true point of beginning; said area is also designated "Not a part of this subdivision" on the aforesaid map of Alta Sierra Tract No. 2.”

SECTION 3.03: LIMITATIONS.

(a) Political Activity. No substantial part of the activities of this Corporation shall carry on propaganda, or otherwise attempt to influence legislation not related to this Corporation, and this Corporation shall not participate in or intervene in (including the publishing or distributing of statements in connection with) any political campaign on behalf of any candidate for public office.

(b) Property. The property, assets, profits and net income are dedicated irrevocably to the purpose set forth in Section 3.01 above. No part of the profits or net earnings of the Corporation shall ever inure to the benefit of any of its Directors, trustees, officers, members/shareholders, employees, or to the benefit of any private individual.

(c) Dissolution. Upon the winding up and dissolution of this Corporation, after paying or adequately providing for the payment of the debts, obligations and liabilities of the Corporation, the remaining assets of this Corporation shall be distributed to a non-profit fund, foundation or corporation which has established its tax-exempt status under Section 501 (c) (7) of the Internal Revenue Code.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

SECTION 4.01: QUALIFICATION AND RIGHTS OF MEMBERSHIP.

(a) Classes and Qualifications. This Corporation shall have one class of members/shareholders, consisting of persons, firms, or corporations owning lots or holding contracts to purchase lots in the Company Service Area as defined herein in Section 3.02. Only lots in said Service Area shall be entitled to have stock (membership) in this Corporation. Said stock, which is appurtenant to the land, was issued to each lot in said Service Area upon the formation of this company in December of 1949 or upon the adoption of Amendments to the Company formation documents in 1963. However, not all lots have activated their shares to date. Only activated shares will be entitled to vote and any person, firm or corporation who ceases to be an owner of a lot or holder of a contract to purchase a lot in said Service Area shall not be entitled to vote as the shares transfer to the

new owner upon purchase. The new owner will be entitled to vote on those shares, which are active, upon the payment of the then applicable transfer fee to the Company, which covers the Company's administrative costs of recording the transfer and issuing certificates.

(b) Voting Members/Active Members. The members holding active in good standing shares in the Company shall be entitled to vote, as set forth in these Bylaws, on the election of Directors, on the disposition of all or substantially all of the assets of the Corporation, on any merger and its principal terms and any amendment of those term, on any election to dissolve the Corporation, on an amendment to the Articles of Incorporation, except as otherwise specified in the California Nonprofit Corporation Law; and on the adoption, amendment or repeal of these Bylaws as otherwise specified in the California Nonprofit Corporation Law. In addition, members shall have all the rights afforded members under the California Nonprofit Corporation Law.

(c) Non-Voting Members/Non-Active Members. Lots in said Service Area which have not paid the original activation fee of thirty dollars (\$30.00) charged back in December of 1949 and the assessments charged upon shareholders since 1949, shall not be considered active members in good standing and thus entitled to voting rights as they have not paid all the applicable fees for the lot in question. In order to become active members in good standing and thus entitled to voting rights said lots must pay all assessments charged to lots in the Company since its inception and the thirty dollars (\$30.00) activation fee as adjusted to reflect CPI increases up to the time of activation. The Board shall from time to time adopt a resolution which reflects the Company's approved CPI calculator. Upon the proper payment of these charges the lot shall become entitled to water service and voting rights in the Company as the lot will then be active and in good standing.

(d) One Connection Per Share. The members holding active in good standing shares in the Company shall only be entitled to one connection per share. Lot line adjustments and/or splits cannot be used to provide additional shares without approval by the Company.

SECTION 4.02: MEMBERSHIP CERTIFICATES.

The Company may, but is not required to, issue membership certificates. In any event, membership books showing the members of the Association shall be maintained at all times and updated as needed. If a member requests a certificate showing his membership in the Company one will be provided to him at a cost determined by the Board. Issued membership certificates shall state the following:

(a) The Company is a nonprofit mutual benefit corporation which may not make distributions to its members upon dissolution.

(b) The membership and certificate are attached to and run with the land and may only be transferred with the land.

SECTION 4.03: DUES, FEES, AND ASSESSMENTS.

Each shareholder/member whether active or in-active must pay within the time and on the conditions set by the Board, the dues, fees and assessments in amounts to be fixed from time to time by the Board. The Board in accordance with California law shall establish a rate structure

which results in the accumulation and maintenance of a fund for the repair and replacement of the water supply, distribution and fire protection system (the “repair and replacement fund”). This rate must bear a reasonable relationship to the fixed costs of furnishing water throughout the Company and shall be paid equally by both improved lots (those receiving water service) and unimproved lots (those not receiving water service). Fixed costs are defined as those costs which the Company must absorb regardless of the amount of water actually delivered through the system. In addition, the Board shall establish a rate structure to be paid by those that receive water which must bear a reasonable relationship to the cost of furnishing the water used by the shareholder/member.

SECTION 4.04: GOOD STANDING.

Those members who have paid all the required fees, including activation fees, dues and assessments in accordance with these Bylaws and who are not suspended shall be active members in good standing. Active members in good standing shall have full voting rights regardless of whether their lot receives water service or not.

SECTION 4.05: SUSPENSION, EXPULSION AND/OR TERMINATION OF MEMBERSHIP.

(a) Causes For Termination. A person, firm or corporation’s active or inactive membership shall terminate on occurrence of any of the following events:

- (i) Failure of the member to pay dues, fees, or assessments as set by the Board within the period of time set by the Board after they become due and payable. The Board may grant extensions of time if in its sole discretion the Board determines it is appropriate.
- (ii) Any person, firm, or corporation’s membership will terminate upon the transfer of the lot associated with that membership and the new owner shall then be entitled to all benefits and obligations associated with that membership.
- (iii) The expulsion of the member from the Corporation in accordance with the procedures set forth in these Bylaws.
- (iv) The voluntary rejection of the membership by the owner of the lot.

(b) Suspension and/or Expulsion of Membership. A member may be suspended based on the good faith determination by the Board, or a committee or a person authorized by the Board to make such a determination, that the member has failed in a material and serious degree to observe the rules of conduct of the Corporation or has engaged in conduct materially and seriously prejudicial to the purposes and interest of the Corporation.

(c) Procedure For Expulsion, Suspension and or Termination. If grounds appear to exist for expulsion, suspension and/or termination of a membership, the procedure set forth below shall be followed:

- (i) The member shall be given fifteen (15) days prior notice of the proposed expulsion or suspension and the reasons for the proposed expulsion or suspension. Notice shall be given by any method reasonably calculated to provide actual notice. Any notice given by mail shall be sent by first class or registered mail to the

member's last address as shown on the records of the Corporation.

(ii) The member shall be given an opportunity to be heard, either orally or in writing, at least five (5) days before the effective date of the proposed expulsion or suspension. The hearing shall be held, or the written statement considered, by the Board or by a committee or person authorized by the Board to determine whether the expulsion or suspension should take place.

(iii) The Board, committee, or person shall decide whether or not the member should be suspended, expelled, or sanctioned in some other way. The decision of the Board, committee, or person shall be final.

() Any legal action challenging an expulsion, suspension or termination of membership, including a claim alleging defective notice, must be commenced within one year after the date of the expulsion, suspension, or termination.

SECTION 4.06: TRANSFER OF MEMBERSHIP.

A membership/share of the Corporation may be transferred by the signature of the owner, his agent, attorney, or legal representative, and the delivery of the certificate; but such transfer is not valid, except as to the parties thereto, until the then applicable administrative fees have been paid and entered upon the books of the Corporation as to show the names of the parties by whom the number or designation of the shares and the date of the transfer, and until the old certificates are surrendered and canceled. The transferee in any transfer of shares shall be deemed to have full notice of, and consent to, the bylaws of the Corporation to the same extent as if he has signed a written assent thereto. Shares may not be transferred apart from, or separated from the parcels as the shares are appurtenant to the land.

SECTION 4.07: MEETINGS OF MEMBERS.

(a) Place of Meeting. Meetings of the Board members shall be held at any place within Kern County designated by the Board. In the absence of any such designation, Board members' meetings shall be held at the principal office of the Corporation.

(b) Annual Meeting. An annual meeting of members shall be held on the First Sunday of September at 11:00 A.M., of each year, unless the Board fixes another date or time and so notifies members as provided in Section 4.07(d) of these Bylaws. At this meeting, Directors shall be elected and any other proper business may be transacted, subject to the notice requirements of Section 4.07(d) (ii) of these Bylaws.

(c) Special Meetings. A special meeting of the members may be called for any lawful purpose by a majority vote of the Board or by the President or by five percent (5%) or more of the members. A special meeting called by any person(s) (other than the Board) entitled to call a meeting shall be called by written request, specifying the general nature of the business proposed to be transacted, and submitted to the Chairman of the Board, if any, or the President or any Vice President or the Secretary of the Corporation. The officer receiving the request shall cause notice to be given promptly to the members entitled to vote, in accordance with Section 4.07(d) of these Bylaws, stating that a meeting will be held at a

special time and date fixed by the Board, provided, however, that the meeting date shall be least thirty-five (35), but no more than ninety (90), days after receipt of the request. If the notice is not given within twenty (20) days after the request is received, the person or persons requesting the meeting may give the notice. Nothing in this Section shall be construed as limiting, fixing or affecting the time at which a meeting of members may be held when the meeting is called by the Board. No business, other than the business the general nature of which was set forth in the notice of the meeting, may be transacted at a special meeting.

(a) Notice Requirements For Members' Meetings.

(i) General Notice Requirements. Whenever members are required or permitted to take any action at a meeting, a written notice of the meeting shall be given, in accordance with Section 4.07(d) of these Bylaws, to each member entitled to vote at the meeting. The notice shall specify the place, date, and hour of the meeting and, (1) for a special meeting, the general nature of the business to be transacted, and no other business may be transacted, or (2) for the annual meeting, those matters that the Board, at the time notice is given, intends to present for action by the members, but any proper matter may be presented at the meeting at which the election of Directors shall include the names of all persons who are nominees when the notice or ballot is given.

(ii) Notice of Certain Agenda Items. Approval by the members of any of the following proposals, other than by unanimous approval by those entitled to vote, is valid only if the notice or written waiver of notice states the general nature of the proposal or proposals:

- (1) Removing a Director without cause.
- (2) Filling vacancies on the Board:
- (3) Amending the Articles of Incorporation, or
- (4) Electing to wind up and dissolve the Corporation.

(iii) Manner of Giving Notice. Notice of any meeting of members shall be in writing and shall be given at least ten (10) days but no more than ninety (90) days before the meeting date. The notice shall be given either personally or by first-class, registered, or certified mail, or by other means of written communication, charges prepaid, and shall be addressed to each member to the Corporation for purposes of notice. If no address appears on the books of the Corporation and no address has been given, notice shall be deemed to have been given if either

- (1) notice is sent to that member by first-class mail or telegraphic or
- (2) notice is published at least once in a newspaper of general circulation in the county in which the principal office is located.

(iii) Affidavit of Mailing Notice. An affidavit of the mailing of any notice of any members' meeting, or of the giving of such notice by other means, may be executed by the Secretary, Assistant Secretary, or any transfer agent of the Corporation, and if so executed, shall be filed and maintained in the minute book of the Corporation.

(e) Quorum.

(i) Number Required. At any meeting of the shareholders, the holders of thirty percent (30%) of the shares of the Corporation entitled to vote must be represented in person or by proxy in writing, and the holders of such thirty percent (30%) of shares entitled to vote, when so represented, shall constitute a quorum for any and all purposes, including the election of Directors. The only matters that may be voted on at any special or annual meeting actually attended by less than 30% of the voting power are matters the general nature which were disclosed in advance to the members by written notice pursuant to Article IV, Section 4.07 (d) of these Bylaws.

(ii) Loss of Quorum. The members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjourned, (even if enough members have withdrawn to leave less than a quorum) so long as any action taken (other than adjournment) is approved by at least a majority of the members required to constitute a quorum.

(f) Adjournment and Notice of Adjourned Meetings. Any members meeting, whether or not a quorum is present, may be adjourned from time to time by the vote of the majority of the members represented at the meeting, either in person or by proxy. No meeting may be adjourned for more than forty-five (45) days. When a members meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which adjournment is taken. If after adjournment a new record date is fixed for notice or voting, a notice of the adjourned meeting shall be given to each member who, on the record date for notice the meeting, is entitled to vote at the meeting. At the adjourned meeting, the Corporation may transact any business that might have been transacted at the original meeting.

(g) Voting.

(i) Eligibility to Vote. Subject to the provisions of the California Nonprofit Corporation Law, the only persons entitled to vote at any meeting of members shall be active members who are in good standing as of the record date determined pursuant to Section 4.06 and Section 4.09 of these Bylaws.

(ii) Manner of Casting Votes. Voting may be by voice, ballot or proxy, except that any election of Directors must be by ballot if demanded by any member at the meeting before the voting begins.

(iii) Voting. Each member shall have the right to vote, in person or by proxy, the number of shares entitled to vote standing in his own name on the books of the Corporation, at least ten (10) days prior thereto.

(o) Approval by Majority Vote. If a quorum is present, the affirmative vote of a majority of the voting power represented at the meeting, entitled to vote and voting on any matter, shall be the act of the members, unless the vote of a greater number, or voting by classes, is required by the California Nonprofit Corporation Law or the Articles of Incorporation.

(h) Waiver of Notice or Consent by Absent Members.

(i) Waiver of Notice or Consent. The transactions of any meeting of members, however called or noticed and wherever held, shall be a valid as though taken at a meeting duly held after regular call and notice, if (1) a quorum is present either in person or by proxy, and (2) either before or after the meeting, each member entitled to vote, not present in person or by proxy, signs a written waiver of notice, a consent to the holding of the meeting, or an approval of the minutes of the meeting. The waiver of notice, consent, or approval need not specify either the business to be transacted or the purpose of any meeting of members, except that if action is taken or proposed to be taken for approval of any of those matters specified in Section 4.06 (d).

(ii) The Waiver of Notice, Consent, or Approval Shall State the General Nature of the Proposal. All such waivers, consents, or approvals shall be filed with the Corporation records or made a part of the minutes of the meeting.

(iii) Waiver by Attendance. A member's attendance at a meeting shall also constitute a waiver of notice of and presence at that meeting, unless the member objects at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened. Also, attendance at a meeting is not a waiver of any right to object to the consideration of matters required to be included in the notice of the meeting but not so included, if that objection is expressly made at the meeting.

SECTION 4.08: ACTION WITHOUT A MEETING.

(a) Action by Unanimous Written Consent. Any action required or permitted to be taken by the members may be taken without a meeting, if all members consent in writing to the action. The written consent or consents shall be filed in the Corporation minute book. Any actions taken by written consent shall have the same force and effect as the unanimous vote of the members.

(b) Action by Written Ballot Without a Meeting. Any action that may be taken at any meeting of members may be taken without a meeting by written ballot.

(i) Solicitation of Written Ballots. The Corporation shall distribute one written ballot to each shareholder entitled to vote on the matter. Such ballots shall be mailed or delivered in the manner required by Section 4.07(d)(iii) of these Bylaws. All solicitations of votes by written ballot shall:

(1) indicate the number of responses needed to meet the quorum requirement; and,

(2) with respect to ballots other than for election of Directors, state the percentage of approvals necessary to pass the measure or measures; and,

- (3) with respect to ballots for election of Directors, state the name of each nominee; and,
- (4) specify the time by which the ballot must be received in order to be counted; and,
- (5) specify the address to which the ballot is to be sent; and,
- (6) each ballot so distributed shall:
 - a. set forth the proposed action; and,
 - b. provide the members an opportunity to specify approval or disapproval of each proposal; and,
 - c. provide a reasonable time within which to return the ballot to the Corporation.

If the Corporation has one hundred (100) or more members, any written ballot distributed to (10) or more members shall provide, subject to reasonable specified conditions, that if the person solicited specifies a choice with respect to any such matter, the vote shall be cast in accordance with that specification. In any election of Directors, a written ballot which is marked by a member "withhold" or is otherwise marked in a manner indicating that authority to vote is withheld, shall not be tabulated as a vote.

(ii) Number of Votes and Approvals Required. Approval by written ballot shall be valid only when:

- (1) the number of votes cast by ballot (including those ballots that are marked "withhold" or otherwise indicate that authority to vote is withheld) and received within the time specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and
- (2) the number of approvals equals or exceeds the number of votes that would be required for approval at a meeting at which the total number of votes cast was the same as the number votes cast by written ballot without a meeting.

(iii) Revocation. A written ballot may not be revoked but the vote itself may be changed up until the deadline for the receipt of a ballot.

(iv) Filing. All written ballots shall be filed with the Secretary of the Corporation and maintained in the corporate records for at least two (2) years.

SECTION 4.09: RECORD DATE FOR NOTICE, VOTING, WRITTEN BALLOTS, AND OTHER ACTIONS.

(a) Record Date Determined by Board. For purposes of determining which members are entitled to receive notice of any meeting, to vote, or to give consent to corporate action without a meeting, the Board of Directors may fix, in advance, a "record date," which shall not be more than sixty (60) nor fewer than ten (10) days before the date of any such meeting,

nor more than sixty (60) days before any such action without a meeting. Only members of record on the date so fixed are entitled to notice, to vote or to give consents, as the case may be, notwithstanding any transfer of any membership on the books of the Corporation after the record day, except as otherwise provided in the Articles of Incorporation, by agreement, or in the California Nonprofit Corporation Law.

(b) Record Date Not Determined by the Board.

(i) Record Date For Notice or Voting. If not otherwise fixed by the Board, the record date for determining members entitled (1) to receive notice of, or to vote at, a meeting of members shall be the next 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.

(ii) Record Date For Action by Written Ballot. If not otherwise fixed by the Board, the record date for determining those members entitled to vote by written ballot shall on the day on which the first written ballot is mailed or solicited.

(iii) Record Date For Written Consent to Action Without Meeting. Unless fixed by the Board, the record date for determining those members entitled to vote by written consent on corporate action without a meeting, when no prior action by the Board had been taken, shall be the day on which the first written consent is given. When prior action of the Board had been taken, it shall be the day on which the Board adopts the resolution relating to that action.

(iv) Record Date For Other Actions. If not otherwise fixed by the Board, the record date for determining members entitled to exercise any rights with respect to any other lawful action shall be on the date on which the Board adopts the resolution relating to that action, or the sixtieth (60) day before the date of that action, whichever is later.

SECTION 4.10: PROXIES.

(a) Right of Members. Each member entitled to vote shall have the right to do so either in person or by one or more agents authorized by written proxy, signed by the person and filed with the Secretary of the Corporation. A proxy shall be deemed signed if the member's name is placed on the proxy (whether by manual signature, typewriting, telegraphic transmission, or otherwise) by the member or the member's attorney-in-fact.

(b) Form of Solicited Proxies. If the Corporation has one hundred (100) or more members, any form of proxy distributed to ten (10) or more members shall afford an opportunity on the proxy to specify a choice between approval and disapproval of each matter or group of related matters, and shall provide, subject to reasonable specified conditions, that when the person solicited specifies a choice with respect to any such matter, the vote shall be cast in accordance with that specification. In any election of Directors, any form of proxy that a member marks "withhold," or otherwise marks in a manner indicating that authority or vote for the election of Directors is withheld, shall not be voted either for or against the election of a Director.

(c) Requirement That General Nature of Subject of Proxy Be Stated. Any proxy covering

matters for which a vote of the members is required, including amendments of the Articles of Incorporation or Bylaws changing voting rights; removal of Directors without cause; filling vacancies on the Board of Directors; the sale, lease, exchange, conveyance, transfer, or other disposition of all or substantially all of the corporate assets, unless the transaction is in the usual and regular course of the activities of the Corporation; the principal terms of a merger or the amendment of a merger agreement; or the election to dissolve, shall not be valid unless the proxy sets forth the general nature of the matter to be voted on or, with respect to an election of Directors, the proxy lists those who have been nominated at the time the notice of the election is given to the members.

(d) Revocability. A validly executed proxy shall continue in full force and effect until:

(i) revoked by the member executing it, before the vote is cast under that proxy, by a writing delivered to the Corporation stating that the proxy is revoked, or

(1) by a subsequent proxy executed by that member and presented to the meeting, or

(2) as to any meeting, by that member's personal attendance and voting at the meeting, or

(ii) written notice of death or incapacity of the maker of the proxy is received by the Corporation before the vote under that proxy is counted, provided, however, that no proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy, except that the maximum term of a proxy shall be three (3) years from the date of execution. A proxy may not be irrevocable. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the California Nonprofit Corporation Code.

SECTION 4.11: ELECTION OF DIRECTORS.

(a) Nominations of Committee. The President of the Board, shall appoint a committee to select a qualified candidates for election to the Board at least ninety (90) days before the date of any election of Directors. This nominating committee shall make its report at least sixty (60) days before the date of the election or at such other time as the Board of Directors may set and the Secretary shall forward to each member, with the notice of meeting required by these Bylaws, a list of all candidates nominated by committee under the section.

(a) Nominations by Members. Members may nominate candidates for Directors, by submitting the name of the candidate to the Secretary sixty (60) days before the date of the election, the Secretary shall forward to each member, with the notice of the meeting required by these Bylaws, a list of all candidates nominated by the members.

(a) Nomination From the Floor. If there is a meeting of members to elect Directors, any member present at the meeting in person or by proxy may place names in nomination.

(b) Solicitation of Votes. The Board shall formulate procedures that allow a reasonable opportunity for a nominee to communicate to members the nominee's qualifications and the reasons for the nominee's candidacy, a reasonable opportunity for the nominee to solicit votes, and a reasonable opportunity for all members to choose among the nominees.

(c) Use of Corporate Funds to Support Nominee. No corporate funds may be expended to support a nominee for Director.

SECTION 4.12: MEMBER RECORDS.

(a) The Secretary shall keep or cause to be kept, at the principal office of the Corporation or at a place determined by resolution of the Board, a record of the members of the Corporation showing each member's name, address, and number of shares:

(b) Members' Inspection Rights.

(i) Membership Records. Subject to the California Corporation Code and unless the Corporation provides a reasonable alternative as provided below, any member may do either or both of the following for a purpose reasonable related to the member's interest as a member:

(1) Inspect and copy the records of members' names, addresses, and voting rights during usual business hours on five (5) days' prior written demand on the Corporation, which demand must state the purpose for which the inspection rights are requested; or

(2) Obtain from the Secretary of the Corporation, on written demand and tender of a reasonable charge a list of names, addresses, and voting rights of members who are entitled to vote for the election of Directors as of the most recent record date for which that list has been compiled, or as of a date specified by the member, after the date of demand. The Secretary shall make this list available to the member on or before the latter of ten (10) days after

a. the demand is received or

b. the date specified in the demand as the date as of which the list is to be compiled.

The Corporation may, within ten (10) business days after receiving a demand under this section, make a written offer of an alternative method of reasonable and timely achievement of the proper purpose specified in the demand without providing access to or a copy of the membership list. Any rejection of this offer must be in writing and must state the reasons that the proposed alternative does not meet the proper purpose of the demand. If the Corporation believes that the information requested will be used for purpose other than one reasonably related to a person's interest as a member, or if the Corporation provides a reasonable alternative under this Section 4.22 (b), it may deny the member access to the membership list. Any inspection and copying under this section may be made in person or by the member's agent or attorney. The right of inspection includes the right to copy and make extracts. Any right of inspection extends to the records of any subsidiary of the Corporation.

(ii) Accounting Records and Minutes. On written demand presented to the Corporation, any member may inspect, copy and make extracts of the accounting books and records and the minutes of the proceedings of the members, the Board, and committees of the Board at any reasonable time for a purpose reasonably related to the member's interest as a member. Any such inspection and copying may be made in person or by the member's agent or attorney. Any right of inspection extends to the records of any subsidiary of the Corporation.

(iii) Maintenance and Inspection of Articles and Bylaws. The Corporation shall keep at its principal office, the original or a copy of its Articles of Incorporation and Bylaws, as amended to date, which shall be open to inspection by the members at all reasonable times during office hours.

SECTION 4.13: ANNUAL REPORT.

(a) Annual Reports. If required, the Board shall cause an annual report to be given at the shareholders meeting the first Sunday in September. The report shall contain the information specified in Article IX Section 9.03 of these Bylaws.

(b) Annual Statement of Certain Transaction and Indemnification. As a part of the annual report to all members, or as a separate document if no annual report is issued, the Corporation shall annually prepare and mail or deliver to each member and furnish to each Director a statement of any transaction or indemnification of the following kind within one hundred twenty (120) days after the end of the fiscal year of the Corporation:

(i) Any transaction to which the Corporation, its parent, or its subsidiary was a party, and to which an "interested person" had a direct or indirect material financial interest, which involved more than fifty thousand dollars (\$50,000) or was one of a number of transactions with the same interested person involved, in the aggregate, more than fifty thousand dollars (\$50,000). For this purpose, an "interested person" is either of the following:

- (1) Any Director or officer of the Corporation, its parent, or subsidiary (but mere common directorship shall not be considered such an interest); or
- (2) Any holder of more than ten percent (10%) of the voting power of the Corporation, its parent, or its subsidiary.

The statement shall include a brief description of the transaction, the names of interested persons involved, their relationship to the Corporation, the nature of their interest in the transaction and, if practicable, the amount of that interest, provided that if the transaction was with a partnership in which the interested person is a partner, only the interest of the partnership need be stated.

(ii) Any indemnification or advances aggregating more than ten thousand (\$10,000) paid during the fiscal year to any officer or Director of the Corporation under Article VIII of these Bylaws, unless that indemnification has already been approved by the members under the California Nonprofit Corporation Code.

ARTICLE V

DIRECTORS

SECTION 5.01: POWERS.

(a) General Corporation Powers. Subject to the provisions and limitations of the California Nonprofit Mutual Benefit Corporation Law and other applicable laws, and any limitations of the Articles of Incorporation and of these Bylaws, the activities and affairs of the Corporation shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board.

(b) Specific Powers. Without prejudice to these general powers, but subject to the same limitations, the Directors shall have the power to:

(i) Appoint and remove, at the pleasure of the Board, all officers, agents and employees of the Corporation; prescribe powers and duties for them that are consistent with law, with the Articles of Incorporation and with these Bylaws; and fix their compensation and require from them security for faithful performance of their duties.

(ii) Change the principal office or the principal business office in the State of California from one location to another.

(iii) Adopt and use a corporate seal and alter the form thereof.

(iv) Borrow money and incur indebtedness on behalf of the Corporation and cause to be executed and delivered for the purposes of the Corporation, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecation and other evidences of debt and securities.

(c) Specific Limitations. The Directors of the Board shall not obligate nor incur indebtedness in excess of thirty-thousand dollars (\$30,000.00) on any one improvement project without a majority vote of the shareholders at an annual meeting where a quorum is present. If the Directors feel that waiting for the annual meeting is inappropriate and wish to conduct said election by mail they may do so and the measure shall be deemed to have passed if a majority of the votes received vote in favor of the measure and so long as the sum of the yes and no votes received amount to a quorum. These provisions shall not be interpreted to restrict the Board of Directors from acting in the best interest of the Company by responding to an emergency situation which demands immediate action by the Company.

SECTION 5.02: QUALIFICATIONS, NUMBER AND SELECTION OF DIRECTORS.

(a) Authorized Number. The authorized number of Directors shall be five (5). Directors need not be residents of the State of California.

(b) Qualifications. Directors must be a member of the Corporation in good standing or represent a parcel in good standing under a revocable grant to represent the parcel on the Board. Each parcel is only able to support one Director.

(c) Selection. The Board shall be selected as follows:

(i) Initial Directors. The initial board members shall be elected by the incorporates named in the Corporation's Articles of Incorporation.

(ii) Thereafter, Directors shall be elected at the Annual Shareholders meeting in accordance with the end of their term in office. The newly elected Director's term shall begin immediately upon their election.

SECTION 5.03: TERM OF OFFICE OF DIRECTORS.

The Directors newly appointed or selected in accordance with section 5.02(c) shall hold office for a term of five (5) years, one Director rotating off each year.

SECTION 5.04: VACANCIES.

(a) Events Causing Vacancy. A vacancy or vacancies on the Board shall exist on the occurrence of the following: (1) the death, removal, suspension or resignation of any Director, or (2) the declaration by resolution of the Board of a vacancy in the office of a Director who has been declared of unsound mind by an order of court or convicted of a felony or had been found by final order or judgment of any court to have breached a duty under Section 7238 and following, of the California Nonprofit Mutual Benefit Corporation Law.

(b) Resignation. Except as provided in this subsection, any Director may resign effective upon giving written notice to the Chairman of the Board, if any, or the President or the Secretary of the Board, unless such notice specifies a later time for the resignation to become effective.

(c) Filling Vacancies. Any vacancy on the Board shall be filled by vote of the remaining Directors. Such Director, so appointed, shall hold office until his successor is elected at the next Annual Shareholders meeting, or by any special meeting duly called for that purpose prior thereto. A Director elected in such fashion shall have the right to the office until the term of that office was set to expire, had it not been for the vacancy. For example, if a Director vacates an office after three (3) years service, the Director elected at the Annual Shareholder meeting will hold office for two (2) years, at which point his office will be up for election again and the winner of that election will have the right to hold the office for five (5) years.

(d) No Vacancy on Reduction of Number of Directors. No reduction of the authorized number of Directors shall have the effect of removing any Director before the Director's

term of office expires.

SECTION 5.05: PLACE OF MEETINGS; MEETINGS BY TELEPHONE.

Meetings of the Board shall be held at the principal office of the Corporation or at such other place as has been designated by the Board. In the absence of any such designation, meeting shall be held at the principal office of the Corporation. Any matter of urgency may be polled by telephone, so long as all Directors participate, and results are recorded in the minutes of the Corporation.

SECTION 5.06: ANNUAL, REGULAR AND SPECIAL MEETINGS.

(a) Annual Meeting. The Board shall hold an annual meeting immediately following the annual meeting of the membership, or in conjunction with its regularly scheduled Board meeting for the month of September of each year for the purpose of organization, election of officers and the transaction of other business; provided, however, that the Board may fix another time for holding of its annual meeting. Notice of this meeting shall not be required.

(b) Other Regular Meetings. The Board shall hold regular business meetings throughout the year; said meetings shall be held without call and on a date to be fixed by resolution of the Board: provided, however, any given monthly meeting may be dispensed with by majority vote of the Board. Such regular meetings may be held without notice.

(c) Special Meetings.

(i) Authority to Call. Special meetings of the Board may be called at any time by the Chairman of the Board, if any, the President or any Vice President, or the Secretary or any two Directors.

(ii) Notice.

(1) Manner of Giving Notice. Notice of the time and place of special meetings shall be given to each Director by one of the following methods:

- a. by personal delivery of written notice;
- b. by first-class mail, postage prepaid;
- c. by telephone, either directly to the Director or a person at the Director's office who would reasonably be expected to communicate that notice promptly to the Director; or
- d. by telegram, charges prepaid.

All such notices shall be given or sent to the Director's address and/or telephone number as shown on the records of the Corporation.

(2) Time Requirements Notice. Time requirements notice shall be sent by first-class mail and shall be deposited in the United States mail at least four (4) 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 forty eight (48) hours before the time set for the meeting.

(3) Notice Contents. The notice shall state the time of the meeting, and the place if the place is other than the principal office of the Corporation. It need not specify the purpose of the meeting.

SECTION 5.07: QUORUM.

A majority of the authorized number of Directors shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 5.09. Subject to the more stringent provision of the California Nonprofit Mutual Corporation Law, including, without limitation, those provisions relating to:

- (a) approval of contracts or transactions in which a Director has a direct or indirect material financial interest;
- (b) approval of certain transactions between corporations having common directorship;
- (c) creation of an appointment of committees of the Board; and,
- (d) indemnification of Directors.

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. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by a least a majority of the required quorum for that meeting.

SECTION 5.08: WAIVER OF NOTICE.

Notice of a meeting need not be given to any Director who signs a waiver of notice or written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting. The waiver of notice or consent need not specify the purpose 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 meetings. Notice of a meeting need not be given any Director who attends the meeting without protesting before or at its commencement the lack of notice to such Director.

SECTION 5.09: ADJOURNMENT.

A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place.

SECTION 5.10: NOTICE OF ADJOURNED MEETING.

Notice of the time and place of holding an adjourned meeting need not be given, unless the original meeting is adjourned for more than twenty-four (24) hours, in which case notice of any

adjournment to another time and place shall be given before the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

SECTION 5.11: ACTION WITHOUT MEETING.

Any action required or permitted to be taken by the Board may be taken without a meeting, if all members of the Board consent in writing to that action. Such action by written consent shall have the same force and effect as any other validly approved action of the Board. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. For the purposes of this Section 5.11 only, "all members of the Board" shall not include Directors who have a material financial interest in a transaction to which the Corporation is a party.

ARTICLE VI COMMITTEES

SECTION 6.01: COMMITTEES OF THE BOARD.

The Board, by resolution adopted by a majority of the Directors then in office, may create one or more committees, each consisting of two or more Directors, to serve at the pleasure of the Board. Appointments to committees of the Board shall be by majority vote of the Directors then in office. The Board may appoint one or more Directors as alternate members of any such committee, who may replace an absent member at any meeting. Any such committee, to the extent provided in the resolution of the Board, shall have all of the authority of the Board, except that no committee, regardless of Board resolution, may:

- (a) fill vacancies on the Board or in any committee which has the authority of the Board;
- (b) establish or fix compensation of the Directors for serving on the Board or on any committee;
- (c) amend or repeal Bylaws or adopt new Bylaws;
- (d) amend or repeal any resolution of the Board which by its express terms is not so amenable or repealable;
- (e) appoint any other committees of the Board or members of these committees;
- (f) approve any contract or transaction to which the Corporation is a party and in which one or more of its directors has a material financial interest, except as such approval is provided for in Section 5233 (d) (3) of the California Corporation Code.

SECTION 6.02: MEETINGS AND ACTIONS OF THE COMMITTEES.

Meetings and action of committees of the Board shall be governed by, held and taken in accordance with the provisions of Article V of these Bylaws, concerning meetings and other actions

of the Board, except that the time for regular meetings of such committees and the calling of special meetings thereof may be determined either by resolution of the committee or the Board. Minutes shall be kept of each meeting of any committee of the Board and shall be filed with the corporate records. The Board may adopt rules for the government of any committee not inconsistent with the provisions of these Bylaws or in the absence of rules adopted by the Board, the committee may adopt such rules.

ARTICLE VII

OFFICERS

SECTION 7.01: OFFICERS.

The officers of the Corporation shall include a President. The Corporation may also have, at the Board's discretion, a Chairman of the Board, one or more Vice Presidents, and such other officers as may be appointed in accordance with Section 7.03 of these Bylaws. Any number of offices may be held by the same person, except that neither the Secretary nor the Chief Financial Officer may serve concurrently as either the President or the Chairman of the Board.

(a) The Secretary/Treasurer is a paid position, he or she is not an officer in the Corporation, and has no voting rights, to any Board action or decision.

SECTION 7.02: ELECTION OF OFFICERS.

The officers of the Corporation, except those appointed in accordance with the provisions of Section 7.03 of this Article VII, shall be chosen by the Board of Directors, and each shall serve at the pleasure of the Board, subject to the rights, if any, of an officer under a contract of employment.

SECTION 7.03: OTHER OFFICERS.

The Board may appoint and may authorize the Chairman of the Board, or the President, or another officer, to appoint any other officers that the Corporation may require, each of whom shall have the title, hold office for the period, have the authority and perform the duties specified in the Bylaws or determined from time to time by the Board.

SECTION 7.04: REMOVAL OF OFFICERS.

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, with or without cause, by the Board of Directors, or except in case of an officer chosen by the Board of Directors, by an officer on whom such power of removal may be conferred by the Board of Directors.

SECTION 7.05: RESIGNATION OF OFFICERS.

Any officer may resign upon written notice to the Corporation without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

SECTION 7.06: VACANCIES IN OFFICE.

A vacancy occurring in any office because of death, resignation, removal or other cause, shall be filled in the manner prescribed in these Bylaws for regular appointment to that office.

SECTION 7.07: RESPONSIBILITIES OF OFFICERS.

(a) Chairman of the Board. If a Chairman of the Board is elected, he or she shall preside at meetings of the Board and shall exercise and perform such other powers and duties as the Board may assign from time to time. If there is no President, the Chairman of the Board shall also be the Chief Executive Officer and shall have the powers and duties of the President of the Corporation prescribed by these Bylaws.

(b) President/Chief Executive Officer. Subject to the control and supervision of the Board, the President shall be the Chief Executive Officer of the Corporation and shall generally supervise, direct and control the activities and affairs and the officers of the Corporation. The President, in the absence of the Chairman of the Board, or if there be none, shall preside at all meetings of the Board. The President shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

(c) Vice Presidents. In the absence or disability of the President, the Vice Presidents, if any, in order of their rank, shall perform all of the duties of the President, and, when so acting, shall have all the powers of and be subject to all of the restriction upon the President. The Vice Presidents shall have other powers and perform such other duties as from time to time may be prescribed for them by the Board or the Bylaws.

(d) Secretary.

(i) Book of Minutes. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board may direct, a book of minutes of all meetings and actions of the Board and of committees of the Board. The Secretary shall also keep, or cause to be kept, at the principal office in the State of California, a copy of the Articles of Incorporation and Bylaws, as amended to date. If the Corporation is one having members, the Secretary shall also maintain a complete and accurate record of the membership of the Corporation, as well as a record of the proceedings of all meetings of the membership.

(ii) Notice, Seal and Other Duties. The Secretary shall give, or cause to be given, notice of all meetings of the Board and of committees of the Board required by these Bylaws to be given. The Secretary shall keep the seal of the Corporation in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

(e) Treasurer.

(i) Books of Account. The Chief Financial Officer of the Corporation shall keep or maintain, or cause to be kept or maintained, adequate and correct books and accounts

of the properties and transactions of the Corporation, and shall send or cause to be sent to the Directors such financial statements and reports as are required by law or these Bylaws to be given. The books of account shall be open to inspection by any Director at all reasonable times.

(ii) Deposit and Disbursement of Monies and Valuables. The Treasurer shall deposit all money and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Board, shall disburse the funds of the Corporation as may be ordered by the Board, shall render to the President or Chairman of the Board, if any, when requested, an account of all transactions as Treasurer and of the financial condition of the Corporation and shall have other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

(iii) Bond. If required by the Board, the Treasurer shall give the Corporation a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of the office and for restoration to the Corporation of all its books, papers, vouchers, money and other property of every kind in the possession or under the control of the Treasurer upon death, resignation, retirement or removal from duties.

ARTICLE VIII

INDEMNIFICATION AND INSURANCE

SECTION 8.01: INDEMNIFICATION.

(a) Right of Indemnity. To the full extent permitted by law, this Corporation shall indemnify its Directors, officers, employees and other persons described in Section 7237 (a) of the California Corporation Code, including persons formerly occupying such positions, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any "proceeding" as that term is used in such Section and including an action by or in the right of the Corporation, by reason of the fact that such person is or was a person described by such Section. "Expenses", as used in this Bylaw, shall have the same meaning as in Section 7237 (a) of the California Corporation Code.

(b) Approval of Indemnity. Upon written request to the Board by any person seeking indemnification under Section 7237 (b) or Section 7237 (c) of the California Corporation Code, the Board shall promptly determine in accordance with Section 7237 (a) of the Code whether the applicable standard of conduct set forth in Section 7237 (b) or Section 7237 (c) has been met and, if so, 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, is such as to prevent the formation of a quorum of Directors who are not parties to such proceedings, the Board of the attorney or other person rendering services in connection with the defense shall apply to the court in which such proceeding is, or was, pending to determine whether the applicable

standard of conduct set forth in Section 7237 (b) or Section 7237 (c) has been met.

(c) Advancement of Expenses. To the full extent permitted by law, and except as is otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under these Bylaws in defending any proceeding covered by these Bylaws shall be advanced by the Corporation prior to the final disposition of the proceeding upon receipt by the Corporation of an undertaking by or on behalf of such person that the advance will be repaid, unless it is ultimately determined that such person is entitled to be indemnified by the Corporation thereof.

SECTION 8.02: INSURANCE.

The Corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, Directors, employees and other agents of the Corporation, against any liability asserted against or incurred by a officer, Director, employee or agent in such capacity or arising out of the officer's, Director's, employee's or agent's status as such.

ARTICLE IX RECORDS AND REPORTS

SECTION 9.01: MAINTENANCE OF CORPORATE RECORDS.

The Corporation shall keep:

- (a) Adequate and correct books and records of account;
- (b) Minutes in written form of the proceedings of the Board and committees of the Board.
- (c) A record of its members, giving their names and addresses and the class of membership (number of shares) held.

SECTION 9.02: INSPECTION BY DIRECTORS.

Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of every kind and the physical properties of the Corporation and the records of each of its subsidiary Corporation. This inspection by a Director may be made in person or by an agent or attorney, and the right of inspection includes the right to copy and make extracts of documents.

SECTION 9.03: ANNUAL REPORT.

Except as provided under Section 8321 of the California Corporation Code, not later than one hundred twenty (120) days after the close of the fiscal year of the Corporation, the Board shall

cause an annual report to be sent to all members of the Board, and available to shareholders at the meeting the First (1st) Sunday in September. Such report shall contain the following information in reasonable detail:

- (a) The assets and liabilities, including the trust funds, of the Corporation as of the end of the fiscal year.
- (b) The principal changes in assets and liabilities, including trust funds, during the fiscal year.
- (c) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for the fiscal year.
- (d) The expenses or disbursements of the Corporation, for both general and restricted purposes, during the fiscal year.
- (e) Any information required by Section 9.04.

SECTION 9.04: ANNUAL STATEMENT OF CERTAIN TRANSACTIONS AND INDEMNIFICATION.

The Corporation shall prepare annually, and furnish to each director, a statement of any transaction or indemnification of the following kind within one hundred twenty (120) days after the date of the fiscal year of the Corporation:

- (a) Any transaction to which the Corporation, its parent or its subsidiary was a party, and in which any Director or officer of the Corporation, its parent or subsidiary (but mere common director-ship shall not be considered such an interest) had a direct or indirect material financial interest, if such transaction involved over fifty thousand dollars (\$50,000), or was one of a number of transaction with the same person involving, in the aggregate, over fifty thousand dollars (\$50,000).
- (b) Any indemnification's or advances aggregating more than ten thousand dollars (\$10,000) paid during the fiscal year to any officer or Director of the Corporation pursuant to Section 8.01 hereof.

The statement shall include a brief description of the transaction, the names of the Director(s) or officer(s) involved, their relationship to the Corporation, the nature of such person's interest in the transaction and, where practicable, the amount of such interest; provided, that in the case of a partnership in which such person is a partner, only the interest of the partnership need be stated.

ARTICLE X CONSTRUCTION AND DEFINITIONS

Unless the context otherwise requires, 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, the singular includes the plural and the plural includes the singular and the terms “person”, “member” and/or “shareholder” includes both a legal entity and a natural person.

ARTICLE XI

AMENDMENTS TO THE BYLAWS

SECTION 11.01: ACTION BY THE MEMBERS.

The Bylaws may be amended or repealed and new Bylaws may be adopted by a majority vote of the shareholders at any annual meeting, or at any other meeting called for that purpose.

SECTION 11.02: LIMITATIONS ON AMENDMENT OF BYLAWS.

Where any provision of these Bylaws requires the vote of a larger proportion of the Directors than otherwise is required by law, such provision may not be altered, amended or repealed except by the vote of such greater number. No amendment may extend the term of a director beyond that for which such director was elected.

SECTION 11.03: MAINTENANCE OR RECORDS.

The Secretary of the Corporation shall see that a true and correct copy of all amendments of the Bylaws, duly certified by the Secretary, is attached to the official Bylaws of the Corporation and is maintained with the official records of the Corporation at the principal office of the Corporation.

CERTIFICATE OF SECRETARY

The undersigned, the duly elected and acting Secretary of ALTA SIERRA MUTUAL WATER COMPANY, hereby certifies that the bylaws attached hereto, are the Bylaws of ALTA SIERRA MUTUAL WATER COMPANY as adopted as of the 3rd. day of September, 2011.

IN WITNESS WHEREOF, the undersigned has signed this Certificate as of the 3rd day of _____
September, 2011.

Larry Hoopes_____

Director and Secretary of the Board