

**QUAILRIDGE RANCH OF ESTATES
ASSOCIATION HOMEOWNERS BYLAWS**

BYLAWS	3
QUAILRIDGE RANCH OF ESTATES ASSOCIATION HOMEOWNERS	3
ARTICLE 1	3
OFFICE LOCATION	3
ARTICLE 2	3
PURPOSES	3
ARTICLE 3	3
DEFINITIONS	3
3.01. Board	4
3.02. Developer	4
ARTICLE 4	4
MEMBERSHIPS	4
4.01. Membership	4
4.02. Multiple Owners	4
4.03. Limitation on Membership Rights	4
4.04. Membership Certificate	4
4.05. Transfer of Membership	5
4.06. Liability of Members	5
ARTICLE 5	5
MEMBERSHIP VOTING	5
5.01. Voting Rights	5
5.02. Multiple Owners	5
5.03. Resubdivision of a Lot	5
5.04. Transfer of Right to Vote	5
5.05. Suspension of Voting Rights	6
5.06. Proxy Voting	6
5.07. Method of Voting	7
5.08. Cumulative Voting	7
5.09. Action Without Meeting	7
5.10. Voting Requirements	7
ARTICLE 6	7
MEMBERSHIP MEETINGS	7
6.01. Place of Meeting	7
6.02. Annual Meetings	7
6.03. Special Meetings	8
6.04. Notice of Meetings	8
6.05. Quorum	8
6.07. Adjournment for Lack of Quorum	9
6.08. Determining Record Date	9
6.09. Consent of Absentees	9
ARTICLE 7	10
DIRECTORS	10
7.01. Number	10
7.02. Qualifications	10
7.03. Initial Board of Directors	10
7.04. Election and Term of office	10

7.05. Powers.....	10
7.06. Vacancies.....	12
7.07. Removal of Directors.....	12
7.08. Limitation of Term.....	12
7.09. Compensation.....	13
7.10. Liability of Directors.....	13
ARTICLE 8	14
DIRECTORS MEETINGS	14
8.01. Organization Meeting.....	14
8.02. Regular Meetings and Notices Thereof.	14
8.03. Special Meetings and Notices Thereof.	14
8.04. Quorum and Majority Action.	15
8.05. Adjournment.....	15
8.06. Executive Sessions.....	15
8.07. Attendance, Participation of Members.	15
ARTICLE 9	15
OFFICERS	15
9.01. Number and Titles.....	15
9.02. Election and Tenure.....	16
9.03. Subordinate Officers.....	16
9.04. Removal and Resignation.....	16
9.05. Vacancies.....	16
9.06. Chairman of Board.....	16
9.07. President.....	16
9.08. Vice-President.....	17
9.10. Treasurer.....	17
9.11. Compensation.....	18
ARTICLE 10	18
BOOKS, RECORDS, INSTRUMENTS, DEPOSITS AND FUNDS	18
10.01. Place of Keeping; Inspection.	18
10.02. Financial Reports.....	18
10.03. Assessment Rolls.....	18
10.04. Contracts.....	19
10.05. Checks, Drafts, Etc.....	19
10.06. Deposits.....	19
10.07. Gifts.....	19
ARTICLE 11	19
BYLAWS	19
11.01. Effective Date.....	19
11.02. Amendment.....	19
11.03. Certification and Inspection.	20
ARTICLE 12	20
Miscellaneous PROVISIONS	20
12.01. Corporate Seal.....	20
12.02. Fiscal Year.....	20
12.03. Construction.....	20
12.04. Conflicts.....	21
12.05. Notices.....	21
CERTIFICATE OF SECRETARY	21

BYLAWS

QUAILRIDGE RANCH OF ESTATES ASSOCIATION HOMEOWNERS A California Nonprofit Mutual Benefit Corporation

ARTICLE 1

OFFICE LOCATION

The Quailridge Ranch Estates Homeowners Association, a California nonprofit mutual benefit corporation (hereinafter referred to as "Association") shall have its principal office at such place within the County of Tehama, State of California as the Board of Directors of Association may determine; and may have other offices at such other places within the State of California as the Board of Directors may from time to time designate, or as the business of the Association may require.

ARTICLE 2

PURPOSES

The purposes of the Association shall be those set forth in its Articles of Incorporation and to carry out, exercise, discharge, operate, manage and enforce for the mutual benefit of the Association and all of its Members:

- (i) the provisions, covenants, conditions and restrictions set forth in that certain Declaration of Covenants and Resections (hereinafter referred to as the "-Declaration") recorded with respect to Quailridge Ranch Estates in the Office of the Recorder of the County of Tehama, State of California, as the same may from time to time be amended and supplemented, and
- (ii) the provisions of these Bylaws, as the same may from time to time be amended.

ARTICLE 3

DEFINITIONS

Unless separately defined herein or the context otherwise requires, the terms used herein shall have the same meanings a. set forth in the Declaration, and the definitions therein contained are hereby incorporated by this reference.

In addition for all purposes the term hereinafter defined shall Bylaws, have the following meanings:

3.01. Board.

The term "Board" shall mean the Board of Directors of Association.

3.02. Developer.

The term "Developer" shall mean East Bay Management and Leisure Properties, Inc., California corporations, and their successors and assigns if such successors and assigns should acquire all or any portion of the Property for the purpose of development or sale.

ARTICLE 4

MEMBERSHIPS

4.01. Membership.

Each person who is or shall at any time become the Owner of a Lot within the Property (including Developer with respect to any unsold or retained Lot) shall automatically, upon becoming such Owner, become a Member of Association and shall remain a Member thereof until he shall cease to be an Owner. The foregoing is not intended to include any person who holds an interest merely as security for the performance of an obligation.

4.02. Multiple Owners.

In no event shall there be more than one membership allocated to any Lot. If more than one person holds an ownership interest in a Lot, all of said persons shall be deemed one membership, and the membership appurtenant to that Lot shall be shared by all such persons in the same proportionate interest at their interest in the Lot.

4.03. Limitation on Membership Rights.

No person shall be entitled to exercise the rights of a member, or be entitled to receive any notice of any whatsoever, until such person has advised the Secretary of Association in writing that he is qualified to be a member pursuant to Section 4.01 hereof, and has provided the Secretary with evidence of such qualification in a form acceptable to Association.

4.04. Membership Certificate.

The Board may provide for the issuance of certificates evidencing membership, in the Association, which shall be consecutively numbered and shall be in such form as determined by the Board. The name and address of each member, the certificate number and the date of issuance of the certificate, and a description of the Lot giving rise to such membership, shall be entered in the Membership Register of the Association.

4.05. Transfer of Membership.

An Owner shall not transfer, pledge or alienate in any way his membership in the Association, except the sale of the Lot to which it is appurtenant, and then only to the purchaser of such Lot. Any attempt to make a prohibited transfer shall be void and will not be reflected on the Membership Register of the Association to transfer his membership to the transferee of the Lot to which it is appurtenant, the Association shall have the right to record the transfer upon the Membership Register of Association, and thereupon the membership of the transferor shall be null and void.

4.06. Liability of Members.

No member of Association shall be personally Liable for any of the debts, liabilities and/or obligations of Association.

ARTICLE 5

MEMBERSHIP VOTING

5.01. Voting Rights.

The Association shall have but one class of voting membership, and each member shall be entitled to one (1) vote for each Lot owned.

5.02. Multiple Owners.

The vote for each Lot may be cast only as a unit and fractional votes shall not be allowed. When more than one person owns a Lot all such persons shall be deemed to be one (1) member, possess one (1) membership, and be entitled to cast one (1) but only one (1) vote as they may determine among themselves. In the event such persons are unable to agree among themselves as to how their vote shall be cast, they shall lose their right to vote on the matter in question. If any Owner casts a vote representing a Lot, it shall be conclusively presumed that he was acting with the authority and consent of all other Owners of the same Lot. In the event more than one vote representing a particular Lot is cast with respect to anyone matter, none of such votes shall be counted and all such votes shall be deemed void.

5.03. Resubdivision of a Lot.

Upon the resubdivision of a Lot shown on the Final Map, or of a further resubdivision of an already resubdivided Lot, the Owners of all such resubdivided Lots shall each have one (1) vote.

5.04. Transfer of Right to Vote.

The right to vote may not be severed or alienated in any way from the membership to which it is appurtenant nor from the Lot to which such membership is appurtenant, and any sale, transfer or conveyance of

the Lot to a new Owner shall operate to transfer the appurtenant vote to said new Owner.

5.05. Suspension of Voting Rights.

Notwithstanding anything to the contrary contained herein, no member shall be entitled or eligible to vote, or to be elected to the Board of Directors, who is shown on the books and records of Association to be more'-than thirty (30) days delinquent in the payment of any Assessment to the Association and for so long as any said Assessment remains unpaid provided, however, that voting rights of a member shall not be suspended for delinquency in the payment of any Assessment to the Association except after notice and hearing duly given and held by the Board of Directors of Association or a Committee appointed thereby. Voting rights of a member may also be suspended, after notice and hearing before the Board, for a period not in excess of one hundred twenty (120) days for any single failure to comply with any of the terms and provisions of the Declaration, these Bylaws, or the rules, regulations, decisions or resolutions of the Board of Directors.

5.06. Proxy Voting.

At any meeting of the members of Association each member in good standing may vote in person or by proxy holder duly appointed by a written proxy, executed by the member entitled to vote or by his duly authorized attorney-in-fact, and filed with the Secretary of the Association at or before any meeting at which a vote may be cast by such proxy holder. Any such proxy shall not be valid after the expiration of eleven (11) months from the date of its execution unless otherwise expressly provided therein, provided that in no case shall any proxy be valid for more than seven (7) years from the date of its execution. Any proxy shall be revocable, and shall be deemed to be revoked when:

- (i) an instrument revoking it or a duly executed proxy bearing a later date is filed with the Secretary of Association,
- (ii) written notice of the death or incapacity of the member executing such proxy is actually received by the Secretary of Association, or
- (iii) the Lot owned by the member executing such proxy is conveyed, thus terminations the status of the person executing such proxy as a member. Any such proxy shall be invalid during any period within which the voting rights of the member executing such proxy shall be suspended. Where two or more persons constitute a member, any proxy with respect to the vote of such member shall not be valid unless executed by all such persons.

5.07. Method of Voting.

Any vote taken for the election of Directors shall be by secret written ballot in form prescribed by the Board. All other issues presented at any meeting for a vote by the membership shall be voted upon either by voice vote or by raise of hands or by secret written ballot at the option of the chairman of the meeting.

5.08. Cumulative Voting.

Cumulative voting for the election of Directors or otherwise shall not be authorized or allowed. The candidates receiving the highest number of votes up to the number of Directors to be elected shall be deemed elected.

5.09. Action Without Meeting.

Any action which may be taken, or is required to be taken, at a meeting of the members of Association, with the exception of the election or removal of Directors, may be taken without A meeting if such action is authorized by a writing or writings, setting forth the action, signed by all of the persons who would be entitled to vote upon such action at a meeting, and filed with the Secretary of Association.

5.10. Voting Requirements.

A majority vote of members who are present in person or by proxy at any special or annual meeting at which a quorum is present and are entitled to vote shall decide any question brought before any such special or annual meeting unless the question is one upon which, by express provision of statute, the Articles of Incorporation, the Declaration or these Bylaws, a different vote is required, in which case such express provision shall govern and control.

ARTICLE 6

MEMBERSHIP MEETINGS

6.01. Place of Meeting.

Meetings of the members of Association shall be held at a suitable location within the Property or at a meeting place as close thereto as possible, convenient to the members, as may be designated by the Board in the Notice for such meeting. Unless unusual conditions exist, meetings of members shall not be held outside of Tehama County.

6.02. Annual Meetings.

The first meeting of the members of Association shall be held not more than forty-five (45) days after the close of sale of the Lot which represents the fifty-first percentile (51%) interest in the

Property authorized for sale under the first State of California Public Report for the Property, but in no event shall the first meeting be held later than one (1) year after the close of sale of the first Lot.

Thereafter, the annual meeting of the members of Association shall be held not more than thirty (30) days before or after the anniversary date of the first annual meeting.

At such meetings Directors shall be elected, reports of the affairs of the Association shall be considered, and any other business may be transacted which is within the power of the members.

6.03. Special Meetings.

Special meetings of the members of Association may be called and held for any purpose or purposes at times and places as may be ordered by the Board of Directors. A special meeting shall be promptly called by the Board upon:

- (a) The vote for such a meeting the by a majority of a quorum of Board of Directors
- (b) Receipt of a written request therefore signed by members representing not less than fifty percent (50%) of the total voting power of the Association, or by members representing not less than forty percent (40%) of the voting power residing in members other: than the Developer.

6.04. Notice of Meetings.

Written notice of all meetings-of members of Association, annual or special, shall be given by or at the direction of the Secretary of Association to all members not less than ten (10) days nor more than thirty (30) days prior to the date fixed for such meeting. Notice may be delivered either personally or by mail, and, if delivery is by mail, shall be deemed to have been delivered at the expiration of two (2) business days after deposit of same in the United States mail, postage prepaid, addressed to the member at the address of the member which appears on the books and records of Association or supplied by the member to Association for the purpose of notice. The notice shall specify the place, the date and the hour of the meeting, and, in the case of a special meeting, shall also state the nature of the business to be considered or acted upon at such meeting.

6.05. Quorum.

The presence at any meeting, in person or by proxy, of members in good standing entitled to vote not less than twenty-five percent (25') of the total voting power of the Association shall constitute a quorum for the transaction of business. The members present at a duly called and held meeting at which a quorum is present may continue to do business until adjournment notwithstanding the withdrawal of enough members to leave less than a quorum.

6.06. Adjourned Meetings and Notice Thereof.

Any meeting of members of Association, annual or special, may be adjourned from time to time by the vote of a majority of members in good standing present in person or by proxy thereat, but in the absence of a quorum no other business shall be transacted at any such meeting.

When any meeting of members, either annual or special, is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty (30) days, it shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted thereat other than by announcement at the meeting at which such adjournment is taken.

6.07. Adjournment for Lack of Quorum.

If any meeting, annual or special, cannot be held for lack of a quorum, the meeting shall, except as otherwise provided by law, be adjourned to a date not less than five (5) days nor more than thirty (30) days from the date the original meeting was held, at which meeting the presence, in person or by proxy, of members holding fifteen percent (15%) of the total voting power of the Association shall constitute a quorum.

6.08. Determining Record Date.

The Board of Directors may fix a time in the future as a record date for the determination of the members entitled to notice of and to vote at any meeting of members. The record date so fixed shall be not more than forty-five (45) days prior to the date of the meeting. When a record date is so fixed, only members of record on that date shall be entitled to notice of and to vote at the meeting, notwithstanding any transfer, or issuance of membership certificates, on the books of the Association on or after the record date.

6.09. Consent of Absentees.

The transaction of any business at any meeting of the members of Association, however called or noticed, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum was present either in person or by proxy, and if, either before or after the meeting, each member who would have been entitled to vote if he had been present in person or by proxy signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the records of Association or be made a part of the minutes of such meeting.

ARTICLE 7

DIRECTORS

7.01. Number.

The number of Directors of Association shall be three (3), until changed by a Bylaw duly adopted by the members of Association.

7.02. Qualifications.

Directors need not be members of Association nor reside within the Property. Directors shall be eligible for re-election without limitation on the number of terms they may serve, except as hereinafter provided.

7.03. Initial Board of Directors.

The initial Board of Directors of the Association shall be the three (3) persons named in and executing the Articles of Incorporation of the Association, who shall hold such offices until their successors are elected.

7.04. Election and Term of office.

Except hereinafter provided for the initial term of the first Directors, the term of office of each Director shall be three (3) years or until his successor is elected. Successor for Directors whose terms of office are then expiring shall be elected at the annual meeting of members in the year such term expires.

At the organizational meeting of the first Directors of this corporation, the Directors shall, by lot, classify themselves into three (3) groups. The first group shall consist of one-third of the Directors, whose initial term of office shall be one (1) year. The second group shall consist of one-third of the Directors, whose initial term of office shall be two (2) years. The third group shall consist of one-third of the Directors, whose term of office shall be three (3) years. This classification and the short initial terms are for the purpose of providing, as nearly as numerically possible, for the election of one-third of the Board of Directors in each year.

7.05. Powers.

The affairs of the Association shall be managed and administered by the Board of Directors and all of the powers and duties of the Association shall be exercised by said Board including but not limited to all those powers and duties existing under law, the Articles of Incorporation, these Bylaws, and the Declaration. All such powers and duties of the Board shall be exercised in accordance with the provisions of the Declaration, these Bylaws and all instruments and bodies of law, which govern the use of the Property. Without limiting or impairing the generality of the foregoing powers

and duties, said powers and duties shall include but shall not be limited to the following:

- (a) To estimate, make, budget, charge, assess and collect all Assessments in accordance with the Declaration.
- (b) To use any and all sums collected from Assessments in the powers and duties received or exercise of its
- (c) To undertake, provide, perform or cause to be performed all maintenance, repair, replacements, alterations, Additions, reconstruction and/or renovation of all or any portion of the Private Roads or Private Road Easements within the Property as set forth in the Declaration, and to contract and pay for all materials, supplies, labor and services that may be required from time to time for the performance thereof.
- (d) To enter into contracts with owners or lessees of lands adjoining or near the Property, and with associations having powers with reference to said lands similar to the powers held by Association, as set forth in the Declaration.
- (e) To enforce by equitable and/or legal means any and all provisions of the Declaration and of these Bylaws as the same may from time to time be amended.
- (f) To contract for services of a part-time or full-time manager and to delegate to such manager all powers and duties of the Association except such as are specifically required by the laws of the State of California, the Declaration, these Bylaws or the Articles of Incorporation to be exercised or discharged by the Board of Directors, officers of the Association or the Members of the Association.
- (g) To employ and compensate personnel to perform services required for the proper management and administration of the Association.
- (h) To delegate its powers according to these Bylaws, the Declaration and as otherwise authorized by law.
- (i) To select the officers, agents or employees of the Association, to remove them as the Board sees fit, either with or without cause, to prescribe their duties, and to establish their compensation if any.
- (j) TO borrow money and to incur indebtedness for the benefit of the Association and to cause to be executed and delivered therefore, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges or other evidences of debt as security therefore.
- (k) To designate, from time to time, the person or persons authorized to sign or endorse checks, drafts or other orders for the payment of money, issued in the name of or payable to the Association.
- (l) To appoint a nominating committee for the nomination of persons to be elected to the Board, and to prescribe rules under which said nominating committee is to act.

- (m) To appoint such other committees as it deems necessary from time to time in connection with the affairs of Association.

7.06. Vacancies.

Vacancies in the Board of Directors 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 the member of Association or at a special meeting of Association called for that purpose. A vacancy shall be deemed to exist in the case of the death, resignation or removal of any Director, or if the members of Association shall increase the authorized number of Directors but shall fail of the meeting at which such increase is authorized, or at any adjournment thereof, to elect additional Directors so provided for, or in the event the members of Association fail at any time to elect the full number of authorized Directors. Members of the Association 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 of the Bylaws is voted authorizing an increase in the number of Directors. If any Director tenders his resignation to the Board of Directors, the Board shall have the power to elect a successor to take office at such time 4S 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 term of office.

7.07. Removal of Directors.

At any annual or special meeting, the entire Board of Directors or any individual Director may be removed from office by a vote of a majority of the members of Association, present in person or by proxy, entitled to vote. If any or all Directors are so removed, new Directors may be elected at the same meeting.

7.08. Limitation of Term.

(a) Notwithstanding the above provisions with respect to the term of any Director, if, after ninety percent (90%) of the Lots within the Property, as shown on the Final Map recorded with respect thereto, have been sold and conveyed by Developer, two (2) or more Directors of Association are employees, officers, directors or agents of Developer, those Directors who are employees, officers, directors or agents of Developer with the exception of one (1) such Director, shall resign their offices, and the Board shall thereupon call a special meeting of the members of Association for the purpose of electing Directors to fill such vacancies with persons who are not employees, officers, directors or agents of Developer. Said special meeting shall be called and held within sixty (60) days after the date that ninety percent (90%) of the Lots within the Property have been sold and conveyed. Upon such election being so held, and thereafter, not more than one (1) member of the Board shall be an

employee, officer, director or agent of Developer unless it is not possible to find others who will serve on the Board.

(b) The term of any Director who is the Owner of a Lot within the Property, who becomes more than thirty (30) days delinquent in the payment of any Assessments due and payable to the Association, shall be automatically terminated and the remaining Directors shall appoint his successor as provided in Section 7.06 above.

7.09. Compensation.

No compensation shall be paid to Directors for their services as Directors and no remuneration shall be paid to a Director for services performed by him for the Association in any other capacity unless a resolution shall have been unanimously adopted by the Board of Directors, excluding the Director to be so compensated, before the services are undertaken. Notwithstanding anything to the contrary contained herein, the Board may cause a Director or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

7.10. Liability of Directors.

Members of the Board of Directors shall not be liable to the members of the Association for any non-willful tort, mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The members of the Association shall and do hereby agree to indemnify and hold harmless each member of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith. Every contract or agreement made by the Board of Directors or any Manager on behalf of the Association shall indicate any or all of the Directors or the Manager, as the case be, are acting only as agents for the Association, and by that may neither the Board nor any member thereof nor any Manager shall have any personal liability thereunder and any liability of any individual member of the Association arising out of any such contract or agreement made by the Board of Directors or by any Manager, or arising out of the indemnity in favor of any or all of the Directors, shall be limited to that member's share of the Assessments as provided in the Declaration. Nothing in these Bylaws shall prohibit any Director from entering into contracts with, or otherwise dealing with, the Association provided that:

- (i) the material facts as to the transaction and as to such Director's interest are fully disclosed or known to the Board and the Board authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient without counting the vote of the interested Director and the contract is just and reasonable as to the Association at the time it is authorized, approved or ratified, or

- (ii) the material facts as to the transaction and as to such Director's interest are fully disclosed or known to the Members and such contract or transaction is approved by the Members in good faith without counting the membership vote(s) of the interested Director, or
- (iii) the contract or transaction was just and reasonable as to the corporation at the time it was authorized, approved or ratified.

ARTICLE 8

DIRECTORS MEETINGS

8.01. Organization Meeting.

The first meeting of a newly elected Board of Directors shall be held within ten (10) days of their election at such time and place as shall be fixed by the Directors at the meeting at which they were elected, and no further notice of such organization meeting shall be necessary provided that a quorum of the Board shall be present.

8.02. Regular Meetings and Notices Thereof.

Regular meetings of the Board shall be held at such time and at 'such place as shall be determined from time to time by a majority of the Directors, provided that not less than two (2) such regular meetings shall be held during any fiscal year. Notice of such regular meeting shall be given to each Director, personally or by mail, telephone or telegraph, at least seventy-two (72) hours prior to the scheduled time for such meeting unless such notice is waived. Notice of the time and place of such regular meetings shall also be posted in a prominent place or places within the Property.

8.03. Special Meetings and Notices Thereof.

Special meetings of the Board of Directors may be called for any purpose and at any time by the President, or, if he is absent or unable or refuses to act, by any Vice-President or by any two (2) Directors. Written notice of each special meeting shall be delivered personally to each Director, or sent to each Director by mail or by other form of written communication, postage and charges prepaid, addressed to him at his address as it is shown on the records of the Association, at least seventy-two {72} hours prior to the scheduled time of such special meeting. Written notice shall also be posted in a prominent place or places within the Property. All such notices shall specify the place, the date and the hour of such meeting and the nature of the business to be considered or acted upon at such meeting.

8.04. Quorum and Majority Action.

At all meetings of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business; and every act or decision made or done by a majority of the Directors present at any meeting at which a quorum is present shall constitute the act of the Board of Directors.

8.05. Adjournment.

A majority of the Directors may adjourn any Directors' meeting to meet again at a stated day and hour. In the absence of a quorum, a majority of the Directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board. Notice of the time and place of holding an adjourned meeting need not be given to any Director if the time and place are fixed at the meeting adjourned; provided, however, that notice of the time and place of holding any meeting adjourned for lack of quorum shall be given all Directors.

8.06. Executive Sessions.

The Board may, with the approval of a majority of a quorum of its members, 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 business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

8.07. Attendance, Participation of Members.

Regular and special meetings of the Board of Directors shall be open to all members of the Association, provided, however, that Association members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board.

ARTICLE 9

OFFICERS

9.01. Number and Titles.

The officers of the Association shall be a president, a Vice-President, a Secretary, and a Treasurer. The Association may also have, at the discretion of the Board, one or more additional Vice-Presidents, one or more assistant Secretaries, one or more Assistant Treasurers, a Chairman of the Board, and such other officers as may be appointed by the Board of Directors in accordance with the provisions of Section 9.03 hereof. When the duties do not conflict, any two (2) or more offices, except those of President and Secretary, may be held by the same person.

9.02. Election and Tenure.

The officers of Association, except:

- (i) the officers elected by the initial Board of Directors,
- (ii) subordinate officer as may be appointed in accordance with the provisions of Section 9.03 hereof, and
- (iii) such officers as may be appointed in accordance with the provisions of Section 9.05 hereof, shall be chosen annually by the Board of Directors at the annual organization meeting of the Board, provided that new offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been elected, or until he shall resign or be removed or otherwise be disqualified.

9.03. Subordinate Officers.

The Board of Directors may appoint such other officers as necessary for the management and administration of the Association, each of who shall hold such office for such period, have such authority and perform such duties as the Board of Directors may from time to time determine. '

9.04. Removal and Resignation.

Any officer may be removed, either with or without cause, by "a' majority of the Directors whenever in their judgment the best interests of the Association would be served thereby. Any officer may resign at any time by giving written notice to the Board or to the President or to the Secretary of the Association. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein', ' and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

9.05. Vacancies.

A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors for the unexpired term of the officer replaced.

9.06. Chairman of Board.

The Chairman of the Board officer, shall, if present, preside at all meetings of the members of Association and of the Board of Directors and exercise and perform such other powers and duties as may from time to time be assigned to him by the Board of Directors.

9.07. President.

The President shall be the chief executive officer of the Association and shall, subject to the control of the Board of Directors, have and exercise general supervision, direction and control of the business

and affairs of the Association and the officers thereof, and shall have the general powers and duties of management usually vested in the office of president of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors. Within this authority and in the course of his duties, he shall preside, in the absence of a Chairman of the Board, at all meetings of the members of Association and of the Board of Directors. He may sign, together with the Secretary (or any other officer of the Association duly authorized by the Board of Directors), any deeds, leases, checks, drafts, promissory notes, contracts, agreements and other papers and instruments in writing which the Board of Directors have authorized to be executed.

9.08. Vice-President.

In the absence of the President or in the event of his inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting shall have all the powers of, and be subject to all of the restrictions upon, the President. The Vice-President shall have such other powers and perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

9.09. Secretary. The Secretary shall certify and keep at the principal--office of the Association the original of its Bylaws as amended from time to time. He shall keep the Minutes of all meetings of the members of the association and of the Board of Directors in one or more books provided for that purpose. He shall cause all notices to be duly given to the members of Association and to its Board of Directors in accordance with the provisions of these Bylaws, the Declaration or as otherwise required by law. He shall be the custodian of the Association's records and of the seal of the Association and shall cause said seal to be affixed to all documents, the execution of which on behalf of the Association and under its seal is duly authorized in accordance with the provisions of these Bylaws. He shall keep a register of the post office address of each member of the Association and its Directors and its officers and shall perform all duties incident to the office of Secretary and such other duties as may be required or AS from time to time may be assigned to him by the President or by the Board of Directors including but not limited to the filing, recordation and issuance of any notice, document, certificate or other instrument described in the Declaration or these Bylaws. .

9.10. Treasurer.

The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Association. He shall receive and give receipts for monies due and payable to the Association from any source whatsoever, and shall deposit all such monies in the name of the Association in such banks, trust companies or other depositaries

as shall be selected in accordance with the provisions of these Bylaws and the Declaration. He shall keep and maintain the assessment rolls and the accounts of the members of the Association, keep and maintain the books of the Association in accordance with generally accepted accounting principles and shall perform all other duties incident to the office of Treasurer- and such other duties as may from time to time be assigned to him by the President or the Board of Directors.

9.11. Compensation.

The compensation, if any, to be paid to officers and employees of the Association shall be fixed by the Board of Directors.

ARTICLE 10

BOOKS, RECORDS, INSTRUMENTS, DEPOSITS AND FUNDS

10.01. Place of Keeping; Inspection.

The books, records and papers of the Association shall be kept at the principal place of business of the Association, and shall be made available for inspection and copying by any member or his representative, if such representative be an attorney or an accountant, at any reasonable time and for a purpose reasonably related to his interest as a member; provided, however, that inspection and copying shall be subject to such reasonable rules as the Board may establish from time to time as provided in the Declaration.

10.02. Financial Reports.

Financial statements for the Association shall be regularly prepared and copies thereof shall be distributed to each member of the Association as follows:

- (a) A budget for each fiscal year shall be distributed not less than sixty (60) days prior to the beginning of the fiscal year.
- (b) A balance sheet as of the last day of the Association's fiscal year and an operating statement for said fiscal year shall be distributed within ninety (90) days after the close of the fiscal year.

10.03. Assessment Rolls.

The assessment rolls shall be maintained in a set of accounting books in which there shall be an account for each Lot within the Property. Such account shall designate the Lot, the name and address of its Owner, the amounts of any and all Assessments and delinquencies with respect to said Owner and his Lot, the dates upon which the Assessments come due, the amounts paid upon account thereof and the balance due upon any. Assessment.

10.04. Contracts.

The Board of Directors, except as otherwise provided in these Bylaws and the Declaration, may authorize any officer, Manager, agent or employee of Association to enter into any contract or execute and deliver any instrument in the name of, and on behalf of, the Association, and such authority may be general or confined to specific instances. Unless so authorized by the Board, no officer, Manager, agent or employee shall have the power or authority, except as in these Bylaws provided, to bind the Association by any contract, agreement or engagement, or to pledge the credit of the Association or to render the Association liable pecuniarily for any purpose or in any amount.

10.05. Checks, Drafts, Etc.

All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of or payable to the Association, shall be signed by the Treasurer and countersigned by the President, or endorsed by the Treasurer, unless otherwise directed by resolution of the Board of Directors

10.06. Deposits.

All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, saving and loan associations, or other depositories as the Board of Directors may select in accordance with the provisions of the Declaration.

10.07. Gifts.

The Board of Directors may accept on behalf of the Association any contribution, gift, bequest or devise for any purpose of the Association.

ARTICLE 11

BYLAWS

11.01. Effective Date.

These Bylaws shall become effective immediately upon their adoption. Amendments to these Bylaws shall become effective immediately upon their adoption unless the Board of Directors, or members, in adopting them, provide that they are to become effective at a later date.

11.02. Amendment.

Subject to any provisions of law applicable to the amendment of Bylaws of non-profit corporations, these Bylaws, or any of them, may be altered, amended, or repealed and new Bylaws adopted as follows:
By Directors

(a) Subject to the power of the members to change or repeal them, by the vote of a majority of Directors present at any special or regular

meeting of Directors at which a quorum is present, provided that written notice of such meeting and of the intention to change the Bylaws thereat is delivered to each Director at least seventy-two (72) hours prior to the scheduled time for such meeting, or by written consent of all Directors without a meeting as provided in Article VI, Section (e) of the Articles of Incorporation, provided that a Bylaw fixing or changing the number of Directors may not be adopted, amended, or repealed except as provided in Paragraph (b) hereof; or

By Members

(b) By the vote or written assent of a majority of the members entitled to vote, or the vote of a majority of a quorum at a meeting duly called and noticed for the purpose in accordance with Section 6.04 hereof.

Notwithstanding the foregoing, wherever a particular percentage of the voting power is prescribed for action to be taken under a specific clause or provision of these Bylaws, the percentage of _the voting power necessary to amend such clause or provision shall be not less than the prescribed percentage required for action to be taken thereunder.

11.03. Certification and Inspection.

The original or a copy of these Bylaws, as t e same may from time to time be amended, shall be kept in the principal office of Association, and shall be open to inspection by the members of Association at all reasonable times during office hours.

ARTICLE 12

MISCELLANEOUS PROVISIONS

12.01. Corporate Seal.

The Board of Directors shall provide a corporate seal, which shall be having within its circumference the name its date of incorporation, and the words in circular form of the Association, "State of California".

12.02. Fiscal Year.

The fiscal year of Association shall be the calendar year, unless otherwise determined by the Board of Directors.

12.03. Construction.

As used in these Bylaws the neuter pronoun shall include the masculine and the masculine shall include the feminine; and the singular shall include the plural and the plural the singular.

12.04. Conflicts.

If there are any conflicts or inconsistencies between the provisions of these Bylaws and the provisions of the Declaration, the terms and provisions of the Declaration shall prevail.

12.05. Notices.

Any notice or communication permitted or required by these Bylaws to be given may, unless otherwise specified herein, be delivered either personally or by mailing the same, postage prepaid, addressed to the person entitled thereto as follows:

If to Association:

Quailridge Ranches Homeowners Association #3 at such address as Association may from time to time designate in writing to the Owners.

If to the Board of Directors, any member of the Board, or any officer of Association:

To that person by his title at such address as said person may from time to time designate in writing to Association.

If to an Owner:

To the street address of his Lot or at such other address as said Owner may from time to time designate in writing to Association.

If to Developer:

Leisure Properties, Inc. 200 Antelope Blvd. Red Bluff, CA 96080

Provided, however, that any such address may be changed from time to time by notice to all other persons entitled to notice given in the manner provided hereinabove.

All notices to be delivered by mail shall be deemed to be delivered at the expiration of two (2) business days after deposit of same in the United States mail with postage thereon fully prepaid, or on the actual date of delivery as shown by the addressee's receipt if sent by registered or certified mail with return receipt requested.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting Secretary of Quailridge Ranches Homeowners Association #3, a California nonprofit mutual benefit Corporation, and that the foregoing Bylaws constitute the original Bylaws of said Association, duly adopted at a meeting of the Board of Directors thereof held on ___, 19___, and that they do now constitute the Bylaws of said Association.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed
the seal of said Association this ____ day, 19__.

SECRETARY