

“If this document contains any restriction based on race, color, religion, sex, sexual orientation, familial status marital status, disability, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.”

Whitney Oaks Community
19021 Azusa
gov. docs.

FIRST AMENDMENT TO BYLAWS OF WHITNEY OAKS COMMUNITY ASSOCIATION

Recitals

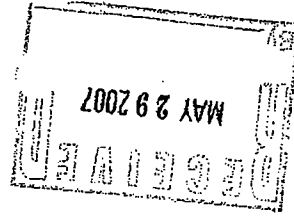
A. Whitney Oaks Community Association, a California nonprofit mutual benefit corporation (the "Association"), is a community association organized to manage and maintain the Whitney Oaks Community subdivision (the "Development") located in the city of Rocklin, County of Placer, California.

B. On May 9, 2007, the Owners of the Association approved the following amendment to the CC&Rs.

Amendment

Article IV, Section 4.04(d) now provides:

Cumulative Voting. Cumulative voting is not permitted.



Certification

We, the undersigned, certify:

1. We are duly elected and qualified directors of the Whitney Oaks Community Association.

2. This First Amendment to Bylaws of Whitney Oaks Community Association was duly approved on _____, by the Whitney Oaks Community Association in accordance with the procedures for amendment as set forth in the Bylaws of Whitney Oaks Community Association.

Dated: 5/25/07

Whitney Oaks Community Association

President:

GARIE R. TANKER

(print name)

[Signature]

(sign name)

Secretary:

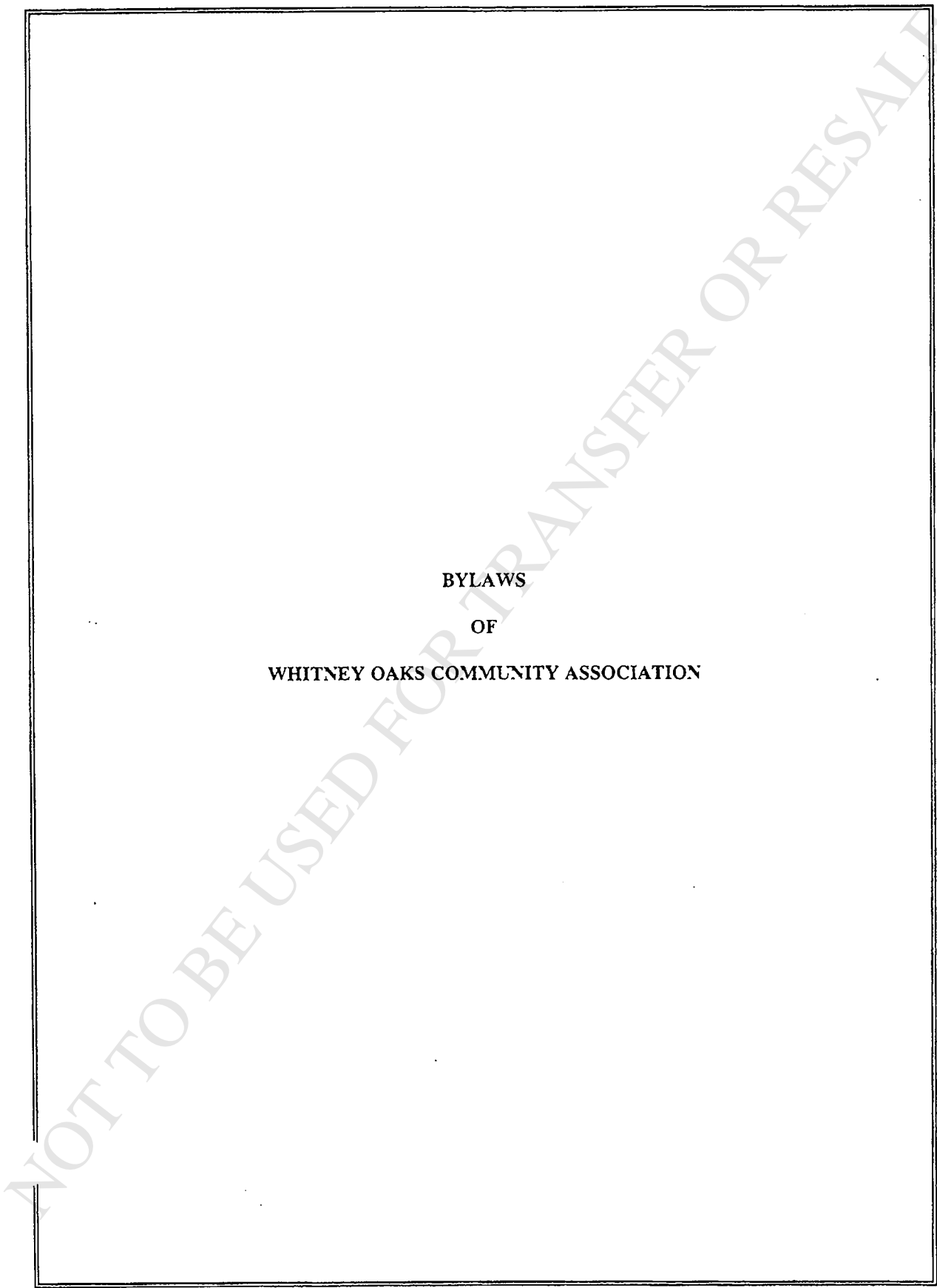
STANLEY LADERMAN

(print name)

[Signature]

(sign name)

NOT TO BE USED FOR RESALE



BYLAWS

OF

WHITNEY OAKS COMMUNITY ASSOCIATION

NOT TO BE USED FOR TRANSFER OR RESALE

**BYLAWS
OF
WHITNEY OAKS COMMUNITY ASSOCIATION**

TABLE OF CONTENTS

ARTICLE I	Recitals and Definitions	1
Section 1.01.	Name of Master Association	1
Section 1.02.	Master Association Is Nonprofit	1
Section 1.03.	Specific Purpose	1
Section 1.04.	Definitions	1
ARTICLE II	Location of Principal Office	2
ARTICLE III	Membership	2
Section 3.01.	Members of the Master Association	2
Section 3.02.	Term of Membership	2
Section 3.03.	Multiple Ownership of a Lot or Parcel	2
Section 3.04.	Furnishing Evidence of Membership	2
ARTICLE IV	Membership Voting	3
Section 4.01.	Classes of Membership	3
Section 4.02.	Voting Rights of Classes	3
Section 4.03.	Eligibility to Vote	4
Section 4.04.	Manner of Casting Votes	4
Section 4.05.	Proxies	5
Section 4.06.	Action by Written Ballot Without a Meeting	6
Section 4.07.	Majority Vote of Members Represented at Meeting Required for Valid Action	8
ARTICLE V	Membership Meetings	8
Section 5.01.	Place of Meeting	8
Section 5.02.	Annual Meeting	8
Section 5.03.	Special Meetings	8
Section 5.04.	Notice of Members' Meetings	8
Section 5.05.	Quorum Requirements	10
Section 5.06.	Adjourned Meeting	10
Section 5.07.	Waiver of Notice or Consent by Absent Members	11
Section 5.08.	Record Dates for Member Notice, Voting and Giving Consents	11
ARTICLE VI	Board of Directors	12
Section 6.01.	General Master Association Powers	12
Section 6.02.	Number and Qualification of Directors	13
Section 6.03.	Initial Directors	13
Section 6.04.	Term of Office	13
Section 6.05.	Nomination of Directors	13
Section 6.06.	Election of Directors	14
Section 6.07.	Vacancies on Board of Directors	15

ARTICLE VII	Board Meetings	16
Section 7.01.	Place of Meetings; Meetings by Conference Telephone	16
Section 7.02.	Annual Meeting of Directors	17
Section 7.03.	Other Regular Meetings	17
Section 7.04.	Special Meetings of the Board	17
Section 7.05.	Attendance by Members; Common Interest Development Open Meeting Act Provisions	18
Section 7.06.	Quorum Requirements	19
Section 7.07.	Waiver of Notice	19
Section 7.08.	Adjournment	19
Section 7.09.	Action Without a Meeting	19
Section 7.10.	Compensation	19
ARTICLE VIII	Duties and Powers of the Board	20
Section 8.01.	Specific Powers	20
Section 8.02.	Limitations on Powers	21
ARTICLE IX	Committees	22
Section 9.01.	Committees of Directors	22
Section 9.02.	Meetings and Actions of Committees	23
ARTICLE X	Officers	23
Section 10.01.	Officers	23
Section 10.02.	Election of Officers	23
Section 10.03.	Subordinate Officers	23
Section 10.04.	Removal of Officers	23
Section 10.05.	Resignation of Officers	23
Section 10.06.	Vacancies	24
Section 10.07.	President	24
Section 10.08.	Vice President	24
Section 10.09.	Secretary	24
Section 10.10.	Chief Financial Officer	24
ARTICLE XI	Master Association Finances	25
Section 11.01.	Description of Assessments to Which Owners Are Subject	25
Section 11.02.	Checks	25
Section 11.03.	Maintenance Funds	25
Section 11.04.	Budgets and Financial Statements	25
Section 11.05.	Required Reserve Studies	27
ARTICLE XII	Other Required Reports to Members	27
Section 12.01.	Annual Statement Regarding Delinquency/Foreclosure Policy	27
Section 12.02.	Notification to Members Regarding Insurance Coverage Maintained by the Master Association	27
Section 12.03.	Alternative Dispute Resolution (ADR) Disclosure	28
Section 12.04.	Notices of Members of Legal Proceedings	28
Section 12.05.	Statement of Outstanding Charges	28
Section 12.06.	Disclosure of Schedule of Fines or Other Monetary Penalties	29
Section 12.07.	Avoidance of Duplication in Reporting Requirements	29

ARTICLE XIII **Miscellaneous** 29
Section 13.01. Inspection of Books and Records 29
Section 13.02. Manager 30
Section 13.03. Robert's Rules of Order 30
Section 13.04. Amendment or Repeal of Bylaws 30
Section 13.05. Notice Requirements 30
Section 13.06. Indemnification of Master Association Agents 30
Section 13.07. Construction and Definitions 31
Section 13.08. References to Provisions Within the Bylaws 32

CERTIFICATE OF SECRETARY 32

NOT TO BE USED FOR TRANSFER OR RESALE

**BYLAWS
OF
WHITNEY OAKS COMMUNITY ASSOCIATION**

**ARTICLE I
Recitals and Definitions**

Section 1.01. Name of Master Association. The name of this corporation shall be Whitney Oaks Community Association and shall be referred to herein as the "Master Association."

Section 1.02. Master Association Is Nonprofit. The Master Association has been formed pursuant to the California Nonprofit Mutual Benefit Corporation Law (California Corporations Code section 7110 et seq.).

Section 1.03. Specific Purpose. The specific and primary purposes of this Master Association shall be to own, repair, maintain and manage the Common Areas and Common Facilities within the Whitney Oaks master planned community located in the City of Rocklin, County of Placer, State of California, to enforce the Master Declaration and the Rules adopted by the Board of Directors, from time to time, and to otherwise enhance and promote the use and enjoyment of the Common Areas and Common Facilities by the Owners in common.

Section 1.04. Definitions.

- (a) County. "County" means the County of Placer, State of California.
- (b) Master Declaration. "Master Declaration" means the Master Declaration of Covenants, Conditions and Restrictions for Whitney Oaks, Recorded on August 20, 1997, as Instrument No. 97-0049461, in the Official Records of the County, as such Master Declaration may from time to time be supplemented, amended or modified.
- (c) Majority of a Quorum. "Majority of a Quorum" means the vote of a majority of the votes cast at a meeting or by written ballot when the number of Members attending the membership meeting or the number of ballots cast equals or exceeds the quorum requirement specified in section 5.05 of these Bylaws. Any Member may be represented at a membership meeting by proxy (see section 4.05 of these Bylaws).
- (d) Voting Power. "Voting Power" means those Members who are eligible to vote for the election of directors or with respect to any other matter, issue or proposal properly presented to the Members for approval at the time any determination of the voting power of the Master Association is made.
- (e) Other Definitions Incorporated by Reference. The terms defined in the Master Declaration shall have the same meaning when used herein unless the context clearly indicates a contrary intention.

ARTICLE II
Location of Principal Office

The principal office of the Master Association will be located at such place within the County as the Board may from time to time designate by resolution.

ARTICLE III
Membership

Section 3.01. Members of the Master Association. Every Owner of a Lot or Parcel within the Property shall be a Member of the Master Association. With the exception of Declarant's Class C membership, membership in the Master Association is appurtenant to, and may not be separated from, ownership of a Lot or Parcel.

Section 3.02. Term of Membership. Each Owner shall remain a Member until he or she no longer qualifies as such under section 3.01, above. Upon the sale, conveyance or other transfer of an Owner's interest in a Lot or Parcel, the Owner's membership interest appurtenant to the Lot or Parcel shall automatically transfer to the Lot or Parcel's new Owner(s).

Section 3.03. Multiple Ownership of a Lot or Parcel. Ownership of a Lot or Parcel shall give rise to a single membership vote in the Master Association. Accordingly, if more than one person owns a Lot or Parcel, the co-Owners shall be deemed to be one Member for voting purposes, although each of the co-Owners shall enjoy membership rights to use and enjoy the Common Areas and Common Facilities. Any one of the co-Owners shall be entitled to vote the membership, unless the secretary is notified in writing of the Owner designated by his or her co-Owners as having the sole right to vote the membership on their behalf. If such notification does not occur and more than one of the co-Owners votes a single membership and the votes are not consistent the secretary or the inspector of election, if one is appointed, shall have the right to refuse to count the vote attributable to that Lot or Parcel, however the membership can be considered as present for quorum purposes.

Section 3.04. Furnishing Evidence of Membership. A person shall not be entitled to exercise the rights of a Member until such person has advised the secretary in writing that he or she is qualified to be a Member under section 3.01 of these Bylaws, and, if requested by the secretary, has provided evidence of such qualification in the form of a certified copy of a recorded grant deed or a currently effective policy of title insurance showing the person to be the Owner of Record of the Lot or Parcel to which the membership is appurtenant. Exercise of membership rights shall be further subject to the rules regarding record dates for notice, voting and actions by written ballot and eligibility for voting set forth in section 5.08 of these Bylaws.

ARTICLE IV
Membership Voting

Section 4.01. Classes of Membership. The Master Association shall have three classes of voting membership:

(a) Class A Members. With the exception of Declarant, and any Merchant Builder for so long as a Class B membership exists, each Owner shall be a Class A Member of the Master Association. Declarant shall become a Class A Member upon the occurrence of the events specified in section 4.02, below.

(b) Class B Members. Class B Members shall be the Declarant and the Merchant Builders until the occurrence of the events specified in section 4.02(b), below.

(c) Class C Members. The Class C Member shall be Declarant, whether or not Declarant is an Owner. The Class C membership shall not be considered a part of the Voting Power of the Master Association. Declarant shall exercise Class C votes only for the purpose of electing those members of the Board whom the Class C Member is entitled to elect. The Class C Member shall have the sole and exclusive power and authority to elect at least a majority of the members of the Board until the time set forth in sections 4.02 and 6.06(b) and (c), below.

Section 4.02. Voting Rights of Classes.

(a) Class A Members. Class A Members shall have one vote for each Assessment Unit. If a Lot or Parcel is owned by more than one Owner, there shall be only one vote with respect to such Lot or Parcel. A Class A Member who has sold his property to a contract purchaser under an agreement to purchase shall delegate to such contract purchaser, by proxy, his or her membership rights in the Master Association. However, the contract seller shall remain liable for any default in the payment of Assessments by the contract purchaser until title to the property sold is transferred to the contract purchaser.

(b) Class B Members. Class B Members shall have three votes for each Assessment Unit, with the exception that a Class B Member shall have only one vote for each Assessment Unit in connection with any construction defect litigation contemplated by the Association against that Class B Member. Even if a Lot or Parcel owned by a Class B member has less than one Assessment Unit, the Class B member shall have three votes for the Lot or Parcel owned. The Class B membership shall cease and be converted to Class A membership on the first to occur of the following events:

(i) The date that at least 75 percent of the potential number of Lots in the Overall Property have been conveyed to Class A Members; or

(ii) The fifteenth anniversary of the first Close of Escrow for the sale of a Lot to a Class A Member.

(c) Class C Member. The Class C Member shall not be entitled to any votes except as provided in section 4.01(c) of these Bylaws. The Class C membership shall cease on the first to occur of the following events:

(i) The date that at least 75 percent of the potential number of Lots in the Overall Property have been conveyed to Class A Members; or

(ii) The fifteenth anniversary of the first Close of Escrow for the sale of a Lot to a Class A Member.

(d) Action by the Master Association. As long as there are Class A and Class B memberships within the Master Association, no action by the Master Association that must have the prior approval of the Members shall be deemed approved by the Members unless approved by the appropriate percentage of both Class A and Class B Members. Any action hereunder, other than action by the Owners to enforce bonded obligations pursuant to section 17.02 of the Master Declaration, which requires the approval of a prescribed majority of the Voting Power of Members other than the Declarant, is deemed to require the vote or written assent of a bare majority of the Class B voting power as well as the vote or written assent of the prescribed majority of the total Voting Power of Members other than Declarant. After all the Class B memberships have been converted into Class A memberships, any such provisions shall be deemed to require the vote or written assent of a bare majority of the total Voting Power of the Master Association as well as the vote or written assent of the prescribed majority of the total Voting Power of Members other than Declarant.

Section 4.03. Eligibility to Vote. Only Members in good standing shall be entitled to vote at any membership meeting or whenever any action is presented for approval of the Members by written ballot (see section 4.06, below). In order to be in good standing, a Member must be current in the payment of all Assessments levied against the Member's Lot or Parcel and not be subject to any suspension of voting privileges as a result of any disciplinary proceeding conducted in accordance with section 14.08 of the Master Declaration ("good standing"). A Member's good standing shall be determined as of the record date established in accordance with section 5.08 of these Bylaws. Voting rights with respect to any Lot or Parcel shall not vest until such time as Common Assessments have been levied with respect to a Lot or Parcel.

Section 4.04. Manner of Casting Votes.

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

(b) Voting by Written Ballot. In addition to voting in person or by proxy at a meeting, Members' votes may be solicited by written ballot, with respect to any issue other than any election of directors, in accordance with section 4.06 of these Bylaws.

(c) Proxy Voting. Members otherwise eligible to vote at a meeting may do so in person or by proxy issued as provided in section 4.05, below.

(d) Cumulative Voting. Each Member entitled to vote at any election of directors, where two or more positions are to be filled, shall have the right to cumulate his or her votes by giving one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which the Member is entitled, or by distributing his votes on the same principle among as many candidates as he

or she desires. No Member shall be entitled to cumulate votes unless (i) the candidate's or candidates' name(s) have been placed in nomination before the voting; and (ii) a Member has given notice at the meeting, and before the voting, of the Member's intention to cumulate his or her votes. If any one Member has given such notice, all Members may cumulate their votes for candidates in nomination. Those candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected.

Section 4.05. Proxies.

(a) Proxies Generally. Any Member entitled to vote may do so either in person or by proxy. Proxies must be in writing and shall authorize one or more agents of the Member to appear at a meeting or meetings of the membership and vote on the issuing Member's behalf. Proxies shall be signed by the issuing Member and shall be dated to assist in verifying their validity. Any proxy shall be for a term not to exceed 11 months from the date of issuance, unless otherwise provided in the proxy, except that the maximum term of any proxy shall be 3 years from the date of execution.

(b) Effectiveness of Proxies. Every proxy continues in full force and effect until revoked by the issuing Member, subject to the maximum term of a proxy set forth in subparagraph (a) of this section. Any proxy issued hereunder shall be revocable by the Member executing such proxy at any time prior to the casting of a vote by the proxy-holder by any one of the following actions: (i) delivery of a written notice of revocation to the secretary; (ii) execution of a subsequent proxy which revokes the prior proxy executing the prior proxy, and present the subsequent proxy at the meeting; or (iii) the issuing Member's attendance at the membership meeting and voting in person. The dates contained on the forms of proxy presumptively determine their order of execution, regardless of the postmarks contained on the envelopes in which they are mailed. A proxy shall be deemed revoked when the secretary receives actual notice of the death or judicially declared incompetence of the Member that issued such proxy, or upon termination of the issuing Member's status as an Owner of a Lot or Parcel as provided in section 3.01 of these Bylaws.

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

- (i) Removal of directors without cause;
- (ii) Filling of vacancies on the Board;
- (iii) Approval of contracts or transactions between the Master Association and one or more of its directors, or between the Master Association and a corporation, firm or association in which one or more of its directors has a material financial interest;
- (iv) Amendment of one or more of the Governing Documents;
- (v) Action to change any Assessments in a manner requiring membership approval under the Master Declaration;
- (vi) Sale, lease, exchange, transfer or other disposition of all or substantially all of the Master Association's assets otherwise than in the regular course of the Master Association's activities;

and (vii) Merger of the Master Association or an amendment to an agreement of merger;

(viii) Voluntary dissolution of the Master Association.

(d) Limited Proxies.

(i) Any form of proxy distributed by the Master Association to 10 or more Members must afford an opportunity on the proxy to specify a choice between approval or disapproval of any matter or group of related matters intended, at the time the proxy is distributed, to be acted upon at the meeting for which the proxy is solicited. If the form of proxy lists one or more matters to be acted upon and the issuer of the proxy has specified a choice with respect to any such matter (including a preference in voting for candidates for election to the Board), the proxy-holder shall be obligated to cast the vote represented by the proxy in accordance with the issuer's designated preference.

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

(e) Restriction or Elimination of Proxy Rights; Limitation on Authority. No amendment of the Articles of Incorporation or Bylaws repealing, restricting, or expanding proxy rights may be adopted without approval by the affirmative vote of a majority of the Voting Power of each class of Member represented and voting at a duly held meeting at which a quorum is present, or the affirmative vote of a majority of the Voting Power of Members by written ballot as provided in section 4.06 of these Bylaws.

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

Section 4.06. Action by Written Ballot Without a Meeting.

(a) Definition of Written Ballot. A "written ballot" is a ballot which is mailed or otherwise distributed to every Member entitled to vote on the matter and which complies with the requirements of this section. The term "written ballot" does not include a ballot distributed to Members at a meeting for the purpose of conducting a vote of the Members at such meeting.

(b) Written Ballot, Generally. Any matter or issue requiring the vote of the Members, other than the election of directors, may be submitted to the Members for approval by written ballot without the necessity of calling a meeting of the Members, so long as the requirements for action by written ballot set forth in this section are met. The determination to seek Member approval for Master Association actions in this fashion shall be made by the affirmative vote of a majority of a quorum of the Board.

Once the determination is made to seek Member approval by written ballot, the Board shall establish a record date (see section 5.08(a)(iii) of these Bylaws) and distribute a written ballot to every Member entitled to vote on the matter. This distribution shall be made consistent with the time requirements specified in subparagraph (e) of this section.

(c) Content of Written Ballot. Any written ballot distributed to Members shall set forth the proposed action and provide an opportunity for Members to specify approval or disapproval of the proposal.

(d) Balloting Time Requirements. Written ballots shall be distributed to all eligible Members at least 30 days prior to the final date the written ballot must be received by the Master Association in order to be counted. All written ballots shall provide a reasonable time within which to return the written ballot to the Master Association and shall state on the face of the ballot, or in an accompanying notice, the date by which the written ballot must be returned in order to be counted. The time fixed for the return of written ballot may only be extended if the Board so notifies the Members on the face of the ballot or in the balloting solicitation materials originally sent to Members and then for no more than two successive periods of 30 days each.

(e) Requirements for Valid Member Action by Written Ballot. Membership approval by written ballot shall only be valid if: (i) the number of votes cast by ballot within the time established for return of the ballot equals or exceeds the quorum (as specified in section 5.05 of these Bylaws) that would have been required to be present at a membership meeting if such a meeting had been convened to vote on the proposal, and (ii) the number of affirmative votes equals or exceeds the number of affirmative votes that would have been required to approve the action at such a meeting.

(f) Solicitation Rules. Written ballots shall be solicited in a manner consistent with the requirements of section 5.04 of these Bylaws, pertaining to issuance of notice of Members' meetings. All solicitations of written ballot shall indicate: (i) the number of responses needed to meet the quorum requirement for valid action, (ii) the time by which the written ballot must be received by the Master Association in order to be counted, and (iii) the percentage of affirmative votes necessary to approve the measure(s) listed on the written ballot.

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

(h) Notification of Results of Balloting Process. Upon tabulation of the written ballot, the Board shall notify the Members of the outcome of the vote within 30 days following the close of the balloting process and tabulation of the ballot. If the number of written ballots cast with respect to any matter is insufficient to satisfy the minimum quorum requirements for Member action, the Board shall so notify the Members.

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

(j) Conduct of Informational Meetings. Use of the written ballot procedures set forth herein shall not preclude the Master Association from also conducting informational meetings of the Members to

discuss issues relating to the action that is the subject of the written ballot or from scheduling a meeting to coincide with the culmination of the balloting period.

Section 4.07. Majority Vote of Members Represented at Meeting Required for Valid Action. At a meeting of the Members, the affirmative vote of a Majority of a Quorum of the Members who are entitled to vote and voting on any matter (other than the election of directors) shall be the act of the Members, unless the vote of a greater number is required by the California Nonprofit Mutual Benefit Corporation Law or by the Governing Documents of the Master Association. In the case of director elections, the candidates receiving the greatest number of votes, up to the number of directors to be elected, shall be elected to fill any vacancies.

ARTICLE V Membership Meetings

Section 5.01. Place of Meeting. The meetings of the Members shall be held at the offices of the Master Association within the County or at such other reasonable place within the County and at such time as may be designated by notice from the Board of the meeting. Unless unusual conditions exist, meetings shall not be held outside of the County.

Section 5.02. Annual Meeting. The first annual meeting of the Members shall be held not more than 45 days after the closing of the sale of the Lot or Parcel which represents the 51st percentile of the Lots or Parcels authorized for sale under the first public report for the Whitney Oaks common interest development, but in no event shall the first meeting be held later than six (6) months after the Close of Escrow for the sale of the first Lot or Parcel. Each year thereafter, there shall be an annual meeting of the Members on the same day of the same month as the first annual meeting, or at such other date as may be fixed by the Board, but in no event shall an annual meeting be held less than once each calendar year.

Section 5.03. Special Meetings.

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

(b) Procedures for Calling Special Meetings Requested by Members. If a special meeting is called by Members other than the Board of Directors or the president, the request shall be submitted by such Members in writing, shall specify the general nature of the business proposed to be transacted, and shall be delivered personally or sent by first-class, certified or registered mail or by telegraphic or other facsimile transmission to the president, vice president, or secretary. The officer receiving the request shall cause notice to be promptly given to the Members entitled to vote, in accordance with the provisions of section 5.04 of these Bylaws.

Section 5.04. Notice of Members' Meetings.

(a) Requirement That Notice Be Given. Notice of all regular and special meetings of the Members shall be sent or otherwise given, in writing, to each Member in good standing as of the record date for notice established in accordance with section 5.08 of these Bylaws.

(b) Time Requirements for Notice. With the exception of membership meetings called in response to a request received from the Members (section 5.03(a)), the notice of membership meetings shall be given to the Members, in the manner specified in subparagraph (e) of this section, not less than 10 nor more than 90 days before the date of the meeting. If notice is given by mail and the notice is not given by first-class, registered or certified mail, the notice shall be given not less than 20 nor more than 90 days before the meeting. In the case of a special meeting requested by Members, the officer receiving the request shall forthwith cause notice to be given to the members entitled to vote that a meeting will be held at a time fixed by the Board not less than 35 nor more than 90 days after the receipt of the request. If notice of the meeting is not given within the 20 days after receipt of the request, the Members requesting the meeting may give the notice. Nothing contained in this subparagraph shall be construed as limiting, fixing, or affecting the time when a meeting of Members may be held when the meeting is called by action of the Board of Directors or the president.

(c) Minimum Requirements Regarding Content of Notice. The notice of any membership meeting shall specify the place, date, and hour of the meeting and the following: (i) in the case of a special meeting, the general nature of the business to be transacted, and no other business may in that case be transacted; or (ii) in the case of a regular meeting, those matters which the Board of Directors, at the time of giving the notice, intends to present for action by the Members, but any proper matter may be presented at the regular meeting for such action so long as a quorum is present. The notice of any meeting at which directors are to be elected shall include the names of all those individuals who are nominees at the time the notice is given to the Members. If it is anticipated that less than one-third of the Members are likely to attend the meeting in person or by proxy, additional notice requirements apply. See section 5.05 of these Bylaws.

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

- (i) Removing a director without cause;
- (ii) Filling vacancies on the Board of Directors under those circumstances where a vote of the Members is required pursuant to section 6.07(d) of these Bylaws;
- (iii) Amending one or more of the Governing Documents in any manner requiring approval of the Members;
- (iv) Approving a contract or transaction between the Master Association and one or more of its directors, or between the Master Association and any corporation, firm or association in which one or more of its directors has a material financial interest;
- (v) Approving any change in Assessments in a manner requiring membership approval under the Master Declaration; or
- (vi) Voting upon any election to voluntarily terminate and dissolve the Master Association.

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

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

Section 5.05. Quorum Requirements.

(a) Quorum Requirements Generally. The following quorum requirements must be satisfied in order to take valid action at any meeting of the Members or by written ballot in accordance with section 4.06 of these Bylaws:

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

(ii) Quorum for Valid Action on Other Matters. In the case of a membership meeting or written ballot called or conducted for any other purpose, the quorum shall be 25 percent of the Members eligible to vote and represented in person or by proxy at the meeting or voting by written ballot; provided, however, that if the minimum quorum for a valid membership meeting is satisfied, but the Members attending the meeting in person or by proxy constitute less than one-third of the Voting Power of the Master Association, the only matters upon which action may validly be taken are those matters that were generally described in the notice of the meeting.

(b) Effect of Departure of Members From Meeting. The Members present in person or by proxy at a duly called or duly held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum. If a quorum is never established for the meeting, a majority of those Members who are present may vote to adjourn the meeting for lack of a quorum, but no other action may be taken or business transacted.

Section 5.06. Adjourned Meeting.

(a) Adjournment Generally. Any Members' meeting, annual or special, whether or not a quorum is present, may be adjourned to another time and/or place (but not for more than 45 days) by the

vote of the majority of Members present at the meeting, either in person or by proxy. Unless there is an absence of a quorum (in which case no business other than adjournment may be transacted), the reconvened meeting may take any action which might have been transacted at the original meeting.

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

Section 5.07. Waiver of Notice or Consent by Absent Members.

(a) Waivers and Consents, Generally. If decisions are made or action is otherwise taken by the Members at a meeting where a quorum is present, but for which proper notice was not given to all Members for whatever reason, the decisions or actions made at that meeting will be valid if, either before or after the meeting, each person entitled to vote who was not present at the meeting (in person or by proxy) consents to the meeting by signing (i) a written waiver of notice, (ii) a consent to holding the meeting, or (iii) an approval of the minutes. The waiver of notice or consent need not specify the purpose or general nature of business to be transacted at such meeting unless action was taken or is proposed to be taken with respect to any matters specified in section 5.04(d) of these Bylaws, in which case, the waiver of notice or consent must state the general nature of the matter. All such waivers, consents or approvals shall be filed with the Master Association records or be made part of the minutes of the meeting.

(b) Effect of a Member's Attendance at a Meeting. Attendance by a Member or his or her proxy-holder at a meeting shall also constitute a waiver of any objections such person may have with respect to notice of that meeting, except when the Member or proxy-holder attends the meeting for the sole purpose of objecting at the beginning of the meeting to the transaction of any business due to the inadequacy or illegality of the notice. Attendance at a meeting is not a waiver of any right to object to the consideration of matters not included in the notice of the meeting which are required to be described therein pursuant to section 5.04(d) of these Bylaws, if that objection is expressly made at the meeting.

Section 5.08. Record Dates for Member Notice, Voting and Giving Consents.

(a) Record Dates Established By the Board of Directors. For the purpose of determining which Members are entitled to receive notice of any meeting or vote, act by written ballot without a meeting or exercise any rights in respect to any other lawful action, the Board of Directors may fix, in advance, a "record date" and only Members of record on the date so fixed are entitled to notice, to vote, or to take action by written ballot or otherwise, as the case may be, notwithstanding any transfer of any membership on the books of the Master Association after the record date, except as otherwise provided in the Articles of Incorporation, by agreement, or in the California Nonprofit Mutual Benefit Corporation Law. The record dates established by the Board pursuant to this section must be in accordance with the following requirements:

(i) Record Date for Notice of Meetings. In the case of determining those Members entitled to notice of a meeting, the record date shall not be more than 90 days nor less than 10 days before the date of the meeting;

(ii) Record Date for Voting. In the case of determining those Members entitled to vote at a meeting, the record date shall not be more than 60 days before the date of the meeting;

(iii) Record Date for Action By Written Ballot Without Meeting. In the case of determining Members entitled to cast written ballot, the record date shall not be more than 60 days before the day on which the first written ballot is mailed or solicited; and

(iv) Record Date for Other Lawful Action. In the case of determining Members entitled to exercise any rights in respect to other lawful action requiring Member approval, the record date shall not be more than 60 days prior to the date of such other action.

(b) Failure of Board to Fix a Record Date. If the Board, for any reason, fails to establish a record date, the following rules shall apply:

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

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

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

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

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

ARTICLE VI Board of Directors

Section 6.01. General Master Association Powers. Subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, the Davis-Stirling Common Interest Development Act (California Civil Code section 1350 et seq.) and any limitations contained in any of the Governing Documents relating to action required to be approved by the Members, the power to manage the business and affairs of the Master Association shall be vested in and exercised by, the Master Association's Board of Directors. Subject to the limitations expressed in section 9.01 of these Bylaws, the Board may delegate the management of the activities of the Master Association to any person or persons, management company or committee, provided that notwithstanding any such delegation, the business and affairs of the Master

Association shall continue to be managed and all Master Association powers shall continue to be exercised under the ultimate direction of the Board.

Section 6.02. Number and Qualification of Directors. The Board of Directors shall consist of five persons. All persons nominated to be directors must be Members whose memberships are in good standing, with the exception that directors, officers, partners or employees of the Declarant may be nominated by the Declarant as directors of the Master Association regardless of whether they are Members (see section 6.06(b) regarding Declarant's election and appointment power).

Section 6.03. Initial Directors. The initial directors shall be appointed by the Declarant upon incorporation of the Master Association and shall hold office until the first election of the Board of Directors by the Members.

Section 6.04. Term of Office. The first election of the Board of Directors by the Members shall be conducted at the first annual meeting of the Members (see section 5.02). Until Declarant's Class C membership terminates, Members shall elect only one director for a term of 2 years (see section 6.06). At the annual meeting of the Members immediately following the termination of Declarant's Class C membership, the Members shall elect up to 3 directors for a term of 2 years, and up to 2 directors for a term of 1 year. At each annual meeting thereafter the Members shall elect directors for a term of 2 years to replace those directors whose terms are then expiring. There shall be no limitation upon the number of consecutive terms to which a director may be re-elected. Each director, including a director elected to fill a vacancy or elected at a special meeting of Members, shall hold office until the expiration of the term for which elected and until the director's successor has been elected and qualified.

Section 6.05. Nomination of Directors. Individuals can become candidates for election to the Board of Directors in any of the following ways:

(a) Candidates Selected by Nomination Committee. At least 90 days prior to the date of any election of directors, the president shall appoint a nominating committee to select qualified candidates for election to those positions on the Board of Directors held by directors whose terms of office are then expiring. The nominating committee shall consist of a chairman, who shall be a member of the Board of Directors, and two or more Members who may or may not be Board members. The nominating committee shall make its report at least 60 days before the date of the election, and the secretary shall forward to each Member, with the notice of the meeting at which the election is scheduled to take place, a list of the nominees. The nominating committee shall make as many nominations for election to the Board as it shall, in its discretion, determine, but not less than the number of vacancies on the Board to be filled.

(b) Nominations From the Floor. Any Member present, in person or by proxy, at a meeting to elect directors may place names in nomination.

(c) Petition Procedure. A person can become a candidate by filing with the secretary a petition in support of his or her candidacy signed by Members consisting of no less than 2 percent of the Voting Power of the Master Association who are, themselves, in good standing. The Member circulating the petition shall append his or her written certification to the petition attesting to the validity of the signatures. Candidate petitions must be filed with the secretary no later than 30 days and no earlier than 50 days prior to the annual election.

(d) Good Standing Requirement. In order to be eligible for nomination and election to the Board, the secretary must certify that the candidate-Member is in good standing.

Section 6.06. Election of Directors.

(a) Directors Elected at Annual Meeting. Except as provided in subparagraph (b), below, at each annual meeting of the Members, the Members present in person or by proxy shall elect persons to those positions on the Board of Directors held by directors whose terms are then expiring. The persons thus elected shall be selected from among those persons nominated pursuant to section 5 above; however, if for any reason an annual meeting is not held or the directors are not elected at any annual meeting, the directors may be elected at any special meeting held for that purpose. In voting for directors, the Members may cumulate their votes in accordance with section 4.07 of these Bylaws and the candidates receiving the highest number of votes shall be elected as directors. The directors thus elected shall take office on the first day of the month next following their election. Each director, including a director elected to fill a vacancy or elected at a special Members' meeting, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified.

(b) Election of Directors by Declarant. Notwithstanding the provisions of subparagraph (a) of this section, from Declarant's appointment of the initial directors, and thereafter for so long as there exists a Class C membership, four directors on the Board shall be elected solely by Declarant as the Class C Member ("Declarant-Elected Director") at a special election held immediately before the regular election of directors (except in the case of the election of Declarant-Elected Director following removal of his or her predecessor). Notice of such special election shall be contained in the notice of the meeting at which the election is to take place. Owners, other than Declarant, shall not have the right to participate in or vote in such special election (although Declarant or any representatives of Declarant may be present). In case of the death, resignation or removal of a Declarant-Elected Director, his or her successor shall be appointed by Declarant. Declarant's power to appoint successor directors is subject to and limited by subparagraph (c) of this section. The provisions set forth in this section regarding the election of a specially elected director shall apply to the appointment of a successor director.

(c) Election of Directors by Owners Other Than Declarant. Notwithstanding the provisions of subparagraph (a) of this section, and subject to subparagraph (b) of this section, from the first election of the Board of Directors and thereafter for so long as the majority of the Voting Power of the Master Association resides in the Declarant, or so long as there exists a Class C membership in the Master Association, not less than one of the successor directors on the Board shall have been elected solely by the votes of Owners other than the Declarant. In the event that the provisions of this subparagraph are not satisfied in any particular election of directors, those directors elected to office by virtue, in whole or in part, of the receipt of Declarant votes, and who received the least number of total votes shall resign to the extent necessary to create a sufficient number of vacancies on the Board to satisfy the one-director requirement noted above. Within 30 days thereafter, a special meeting of the Class A Members shall be held for the purpose of electing persons to fill the vacancies on the Board thus created.

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

(e) Supervision of Election Process. In order to insure secrecy of ballot and fairness in the conduct of director elections, the Board may, but shall not be obligated to, utilize the services of a certified public accountant to receive and tabulate all ballot (both absentee ballot and ballot cast in person by Members attending the meeting at which the election takes place). Any accountant retained to perform such services shall have the full powers of an inspector of elections appointed by the Board pursuant to Corporations Code section 7614.

Section 6.07. Vacancies on Board of Directors.

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

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

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

(d) Authority of Members to Remove Directors. Except as otherwise provided in subparagraphs (c), (e), (f) and (g) hereof, a director may only be removed from office prior to expiration of his or her term of office by the affirmative vote of a Majority of a Quorum of the Members. Any membership action to recall or remove a director shall be conducted in accordance with the following procedures:

(i) A petition must be presented in person to the president, vice president or secretary that carries the signatures of Members in good standing who represented at least 5 percent of the Voting Power of the membership. Such petition must set forth the reason(s) the petitioners are seeking the director's removal; the signature and Lot or Parcel number(s) of each petitioner in his or her own handwriting; the name(s) of the sponsor(s) of the petition; and fulfill all other requirements required by law.

(ii) Within 20 days after receipt of such petition, the Board shall either call a special meeting or announce the procedures for conducting a written ballot of the Members to vote upon the requested recall. Such meeting or written ballot shall be conducted not less than 35 nor more than 90 days after the petition is presented. If the Board fails to set a date for, and give the Members notice of, such meeting or written ballot within 20 days, the Members initiating the petition may call such meeting on their own initiative without Board approval or sanction.

(iii) The director whose removal is being sought shall have the right to rebut the allegations contained in the petition orally, in writing or both. If in writing, such rebuttal shall be mailed by the Master Association or otherwise provided to all Members, together with the recall ballot.

(iv) If the quorum requirement for a valid membership action is not satisfied or if the recall vote results in a tie, the removal action will have failed.

(e) Protection of Cumulative Voting Rights. Unless the entire Board of Directors is removed from office, no director may be removed when the votes cast against removal, or not consenting in writing to such removal, would be sufficient to elect such director if voted cumulatively at an election at which the same total number of votes were cast (or, if such action is taken by written ballot, all memberships entitled to vote were voted) and the entire number of directors authorized at the time of the director's most recent election were then being elected.

(f) Removal by Court Action. The Placer County Superior Court may, in response to a suit filed by any director or the lesser of 20 Members or 5 percent of the Members, remove any director determined to be guilty of fraudulent or dishonest acts or gross abuse of authority or discretion with reference to the Master Association. The Master Association shall be made a party to any such action.

(g) Special Rule for Removal of Class C Director. Any director elected to office solely by the vote of the Class C Member may be removed from office only by the vote of the Class C Member.

(h) Filling of Vacancies. Vacancies on the Board of Directors shall be filled by a majority vote of the remaining directors, even though less than a quorum, or by a sole remaining director, unless the vacancy is created through removal of a director in which case the vacancy shall be filled by:

(i) the Class C Member, if the director was elected to office solely by the Class C Member; or

(ii) in the case of the removal of any other director, by a Majority of a Quorum of the Members.

Furthermore, the Members may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors by an election at a duly held meeting of the Members or written ballot.

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

ARTICLE VII Board Meetings

Section 7.01. Place of Meetings: Meetings by Conference Telephone. Regular and special meetings of the Board of Directors may be held at any place within the County that has been designated from time to time by resolution of the Board and stated in the notice of the meeting. In the absence of such designation, regular meetings shall be held at the principal office of the Master Association. Notwithstanding the above provisions of this section, a regular or special meeting of the Board may be held at any place consented to in writing by all the Board members, either before or after the meeting. If

consents are given, they shall be filed with the minutes of the meeting. Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all directors participating in the meeting can hear one another, and all such directors shall be deemed to be present in person at such meeting. Actions taken by the Board by means of a telephone conference call shall be posted in a prominent place within the Common Areas in the same manner as actions taken by written consent pursuant to section 7.09 of these Bylaws.

Section 7.02. Annual Meeting of Directors. Immediately following each annual meeting of Members, the Board of Directors shall hold a regular meeting for the purpose of organization, election of officers, and the transaction of other business. Notice of this meeting shall not be required.

Section 7.03. Other Regular Meetings. Other regular meetings of the Board shall be held without call at such time as shall from time to time be fixed by the Board of Directors and communicated to the Board members. Ordinarily, regular meetings shall be conducted at least monthly; provided, however, that regular meetings can be held as infrequently as every six months if the Board's business does not justify more frequent meetings. Notice of the time and place of regular meetings of the Board of Directors shall be posted in a prominent place within the Common Areas; provided, however, that if the Common Areas are unsuitable for posting of such notice, the Board shall communicate the notice of the time and location of such meeting by any means it deems appropriate. If the Board has not fixed the time and location for regular meetings, notice shall be communicated to the Board members not less than 72 hours prior to the meeting; provided, however, that notice need not be given to any Board member who has signed a written waiver of notice or consent to holding the meeting as more particularly provided in section 7.07 of these Bylaws.

Section 7.04. Special Meetings of the Board.

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

(b) Notice of Special Meetings.

(i) Manner of Giving. Notice of the time and place of special meetings of the Board shall be posted in the Common Areas or communicated in the manner prescribed for notice of regular meetings of the Board and shall be given to each director, not less than 72 hours prior to the scheduled time of the meeting, by one of the following methods: (A) by personal delivery of written notice; (B) by first-class mail, postage prepaid; (C) by telephone communication, either directly to the director or to a person at the director's home or office who would reasonably be expected to communicate such notice promptly to the director; or (D) by telegram, charges prepaid. All such notices shall be given or sent to the director's address or telephone number as shown on the records of the Master Association. Notwithstanding the foregoing, notice of a meeting need not be given to any director who has signed a written waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof as more particularly provided in section 7.07 of these Bylaws.

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

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

Section 7.05. Attendance by Members; Common Interest Development Open Meeting Act Provisions. The following provisions reflect the California Common Interest Development Open Meeting Act (California Civil Code section 1363.05 (the "Open Meeting Act")):

(a) Meetings Generally Open to Members. With the exception of executive sessions of the Board (see subparagraph (b) of this section), and any meetings conducted by conference telephone, any member of the Master Association may attend meetings of the Board of Directors; provided, however, that non-director Members may only participate in deliberations or discussions of the Board when expressly authorized by a vote of a majority of the directors present at the meeting at which a quorum has been established or by the Board member chairing the meeting. For purposes of the Open Meeting Act, the term "meeting" includes any congregation of a majority of the members of the Board at the same time and place to hear, discuss, or deliberate upon any item of business scheduled to be heard by the Board, except those matters that may be discussed in executive session.

(b) Right of Members to Speak at Meetings. The Board of Directors shall permit any Member to speak at any meeting of the Members or of the Board of Directors, except for Board meetings that are held in executive session pursuant to subparagraph (c), below. Reasonable time limitations can be imposed by the Board or the chairman of the meeting on presentations or statements by Members and, in the case of Board meetings, the agenda for the meeting can designate a specific time for Member statements and comments.

(c) Executive Sessions. The Board, on the affirmative vote of a majority of the directors present at a meeting at which a quorum has been established, shall be entitled to adjourn at any time for purposes of reconvening in executive session to discuss: (i) litigation in which the Master Association is or may become a party; (ii) matters relating to the formation of contracts with third parties; (iii) Member discipline; or (iv) personnel matters. The Board must meet in executive session if requested by a Member who may be subject to a fine, penalty, or other form of discipline and the Member who is the subject of the disciplinary proceeding shall be entitled to attend the executive session. Any matter discussed in executive session shall be generally noted in the minutes of the Board meeting, taking into consideration the need to maintain confidentiality.

(d) Board Meeting Minutes. The proposed minutes for adoption that are marked to indicate draft status or a summary of the minutes of any meeting of the Board of Directors, other than minutes of an executive session, shall be available to the Members within 30 days of the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any Member upon request and upon reimbursement of the Master Association's costs in making that distribution. Members shall be notified in writing at the time that the pro forma budget required by section 11.04 of these Bylaws is distributed or at the time of any general mailing to the entire membership of the Members' right to have copies of the minutes of any Board meeting and how and where those minutes may be obtained.

(e) Members' Right to Notice of Meetings. Unless the time and place of meeting is fixed by the Bylaws, or unless the Bylaws provide for a longer period of notice, Members shall be given notice of the time and place of a Board meeting (as defined in subparagraph (a) of this section), except for "emergency meetings", at least four days prior to the date of the meeting. This notice may be given by posting the notice in a prominent place or places within the Common Areas, by mail or delivery of the

notice to each Lot or Parcel within the Property, or by newsletter or similar means of communication. For purposes of this subparagraph, an "emergency meeting" of the Board means a meeting called by the president or by any two members of the Board under circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board and which of necessity make it impracticable to provide prior notice to the Members as required by the Open Meeting Act.

Section 7.06. Quorum Requirements. A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn as provided in section 7.08 of these Bylaws. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, especially those provisions relating to (i) approval of contracts or transactions in which a director has a direct or indirect material financial interest, (ii) appointment of committees and (iii) indemnification of directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors below a quorum, if any action taken is approved by at least a majority of the required quorum for that meeting, or such greater number as is required by the Governing Documents or law.

Section 7.07. Waiver of Notice. The transaction of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present and (b) either before or after the meeting, each of the directors not present, individually or collectively, signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the Master Association records or made a part of the minutes of the meeting and shall have the same force and effect as a unanimous vote of the Board. The requirement of notice of a meeting shall also be deemed to have been waived by any director who attends the meeting without protesting the lack of proper notice either before or at the inception of the meeting.

Section 7.08. Adjournment. A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place. If the meeting is adjourned for more than 24 hours, notice of adjournment to any other time or place shall be given prior to the time of the adjourned meeting to the directors who are not present at the time of the adjournment. Except as hereinabove provided, notice of adjournment need not be given.

Section 7.09. Action Without a Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as an unanimous vote of the Board of Directors. If the Board of Directors resolves by unanimous written consent to take action, an explanation of the action taken shall be posted at a prominent place or places within the Common Areas within three days after the written consents of all Board members have been obtained. If the Common Areas are unsuitable for posting the explanation of the action taken, the Board shall communicate the explanation by any means it deems appropriate. Any written consent(s) of the Board shall be filed with the minutes of the proceedings of the Board.

Section 7.10. Compensation. Directors, officers and members of committees shall not be entitled to compensation for their services as such, although they may be reimbursed for such actual expenses incurred in the rendering of their services as may be determined by resolution of the Board of Directors

to be just and reasonable. Expenses for which reimbursement is sought shall be supported by a proper receipt or invoice.

ARTICLE VIII Duties and Powers of the Board

Section 8.01. Specific Powers. Without prejudice to the general powers of the Board of Directors set forth in section 6.01 of these Bylaws, the directors shall have the power to:

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

(b) Appoint and remove all officers of the Master Association, the property manager of the Master Association, if any (subject to any contractual commitments which may exist), and other Master Association employees; prescribe any powers and duties for such persons that are consistent with law and the Governing Documents; and fix their compensation.

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

(d) Adopt and establish rules and regulations subject to the provisions of the Master Declaration, governing the use of the Common Areas and roads within the Property, and the personal conduct of the Members and their guests thereon, and take such steps as it deems necessary for the enforcement of such rules and regulations, including the imposition of monetary penalties and/or the suspension of voting rights and the right to use any Common Areas; provided notice and a hearing are provided as more particularly set forth in section 14.08 of the Master Declaration. Rules and regulations adopted by the Board may contain reasonable variations and distinctions as between Owners and tenants.

(e) Enforce all applicable provisions of the Governing Documents relating to the control, management, and use of the Lot, Parcels, or Common Areas and the roads within the Property.

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

(g) Contract for and pay for maintenance, landscaping, utilities, materials, supplies, labor and services that may be required from time to time in relation to the Property.

(h) Pay all taxes, Assessments and other assessments and charges which are or would become a lien on any portion of the Property.

(i) Contract for and pay for construction or reconstruction of any portion or portions of the Property which the Master Association is obligated to maintain and which have been damaged or destroyed and which are to be rebuilt.

(j) Delegate its duties and powers hereunder to the officers of the Master Association or to committees established by the Board, subject to the limitations expressed in section 9.01 of these Bylaws.

(k) Levy and collect Assessments from the Members of the Master Association in accordance with the Master Declaration and establish and collect reasonable use charges for any or all of the Common Facilities as the Board may deem necessary or desirable from time to time for the purpose of equitably allocating among the users the cost of maintenance and operation thereof.

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

(m) Prepare budgets and maintain a full set of books and records showing the financial condition of the affairs of the Master Association in a manner consistent with generally accepted accounting principles, and at no greater than annual intervals prepare an annual financial report, a copy of which shall be delivered to each Member as provided in section 11.04 of these Bylaws.

(n) Appoint a nominating committee for the nomination of persons to be elected to the Board, and prescribe rules under which said nominating committee is to act, all as more particularly described in section 6.05 of these Bylaws.

(o) Appoint such other committees as it deems necessary from time to time in connection with the affairs of the Master Association in accordance with article IX of these Bylaws.

(p) Fill vacancies on the Board of Directors or in any committee, except for a vacancy created by the removal of a Board member.

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

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

(s) Enter Lots or Parcels as necessary, subject to the requirements of section 3.05(d) the Master Declaration, in connection with construction, maintenance or emergency repairs for the benefit of the Common Areas or the Owners in common.

Section 8.02. Limitations on Powers. Without the vote or written assent of a majority of the Voting Power of the Master Association, the Board of Directors shall not take any of the following actions:

(a) Enter into a contract with a third party for the furnishing of goods or services to the Common Areas or the Master Association for a term longer than one year. This restriction shall not apply to (i) FHA or VA approved management contracts; (ii) public utility contracts where the rates charged for materials or services are regulated by the Public Utilities Commission; provided, however that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate; (iii) prepaid casualty or liability insurance policies not to exceed three years, provided the policies provide for short rate cancellation by the insured; (iv) agreements for cable television services and equipment or satellite dish television services and equipment of not to exceed five years' duration, provided that the supplier is not an entity in which the Declarant has a direct or indirect ownership interest of 10 percent or more; or (v) a contract for a term not to exceed three years that is terminable by the Master Association

after no longer than one year without cause, penalty or other obligation upon ninety (90) days written notice of termination to the other party.

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

(c) Sell during any fiscal year property of the Master Association having an aggregate fair market value greater than 5 percent of the budgeted gross expenses of the Master Association for that fiscal year.

(d) Pay compensation to members of the Board of Directors or the officers of the Master Association; provided, however, that the Board may approve reimbursement of directors and officers for actual and reasonable out-of-pocket expenses, verified in writing, incurred in carrying on the business of the Master Association in their capacity as director or officer.

(e) Fill any vacancy on the Board of Directors created by the removal of a director.

ARTICLE IX Committees

Section 9.01. Committees of Directors. In addition to the nominating committee appointed and constituted pursuant to section 6.05 of these Bylaws and the Architectural Review Committee appointed and constituted pursuant to section 5.02 the Master Declaration, the Board may, by resolution adopted by a majority of the directors then in office, designate one or more committees, each consisting of two or more Members (who may also be directors), to serve at the pleasure of the Board. Committees shall have all the authority of the Board with respect to matters within their area of assigned responsibility, except that no committee, regardless of Board resolution, may:

(a) Take any final action on any matter which under the California Nonprofit Mutual Benefit Corporation Law also requires approval of the Members.

(b) Fill vacancies on the Board of Directors or on any committee which has been delegated any authority of the Board.

(c) Amend or repeal Bylaws or adopt new Bylaws.

(d) Amend or repeal any resolution of the Board of Directors which by its express terms is not so amendable or repealable.

(e) Appoint any other committees of the Board of Directors or designate the members of those committees.

(f) Approve any transaction to which the Master Association is a party (i) between the Master Association and any corporation, business or association in which one or more directors have a material financial interest; or (ii) between the Master Association and one or more of its directors or between the Master Association or any person in which one or more of its directors have a material financial interest.

Section 9.02. Meetings and Actions of Committees. Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of article VII of these Bylaws, concerning meetings of directors, with such changes in the context of these Bylaws as are necessary to substitute the committee and its members for the Board of Directors and its members, except that the time for regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee. Special meetings of committees may also be called by resolution of the Board of Directors. Notice of special meetings of committees shall also be given to any and all alternate members, who shall have the right to attend all meetings of the committee. Unless otherwise provided in the Board resolution establishing the committee, minutes shall be kept of each meeting of any committee and shall be filed with the Master Association records. The Board of Directors may adopt additional rules, not inconsistent with the provisions of these Bylaws, for the governance of any committee.

ARTICLE X Officers

Section 10.01. Officers. The officers of the Master Association shall be a president, a vice president, a secretary and a chief financial officer. The Master Association may also have, at the discretion of the Board, one or more assistant secretaries, one or more assistant financial officers, and such other officers as may be appointed in accordance with the provisions of sections 10.03 and 10.06 of these Bylaws. Any person may hold two or more offices, except that neither the secretary nor the chief financial officer may serve concurrently as president.

Section 10.02. Election of Officers. The officers of the Master Association, except such officers as may be appointed in accordance with the provisions of sections 10.03 and 10.06 of these Bylaws, shall be chosen annually by majority vote of the Board at its first regular meeting following the annual meeting of the Members or the election of directors, and each shall hold his or her office until he or she shall resign or shall be removed or otherwise disqualified to serve, or his or her successor shall be elected and qualified.

Section 10.03. Subordinate Officers. The Board may appoint, and may empower the president to appoint, such other officers as the affairs of the Master Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws and as the Board may from time to time determine.

Section 10.04. Removal of Officers. Any officer may be removed, either with or without cause, by the Board at any regular or special meeting.

Section 10.05. Resignation of Officers. Any officer may resign at any time by giving written notice to the Board or to the president or secretary. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Master Association under any contract to which the officer is a party.

Section 10.06. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the Bylaws for regular appointments to such office.

Section 10.07. President. The president of the Master Association ("president") shall be elected by the Board from among the directors. He or she shall be the chief executive officer of the Master Association and, subject to the control of the Board, shall have general supervision, direction and control of the affairs and officers of the Master Association. He or she shall preside at all meetings of the Board, and shall have the general power and duties of management usually vested in the office of president of a corporation, together with such other powers and duties as may be prescribed by the Board or the Bylaws.

Section 10.08. Vice President. The vice president of the Master Association ("vice president") shall be elected by the Board from among the directors. In the absence or disability of the president, the vice president shall perform all the duties of the president and when so acting shall have all the powers of, and be subject to all the restrictions upon, the president. He or she shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or the Bylaws.

Section 10.09. Secretary. The secretary of the Master Association ("secretary") shall be elected by the Board from among the directors. The secretary shall keep or cause to be kept at the principal office or such other place as the Board may order, a book of minutes of all meetings of directors and Members, with the time and place of holding same, whether the meeting was regular or special, (and if special, how authorized), the notice thereof given, the names of those present at directors' meetings, the number of Members present in person or by proxy (at Members' meetings), and the proceedings thereof. The secretary shall keep, or cause to be kept, appropriate current records showing the Members of the Master Association together with their addresses. The secretary shall give, or cause to be given, notice of all meetings of the Board required by these Bylaws or by law to be given, shall keep the seal of the Master Association in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

Section 10.10. Chief Financial Officer. The chief financial officer of the Master Association, who shall be known as the "treasurer", shall be elected by the Board from among the directors. The treasurer shall: (a) keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the property and business transactions of the Master Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings and other matters customarily included in financial statements; (b) make the books and records of the Master Association available at all reasonable times to inspection by any director or Member; (c) deposit all monies and other valuables in the name and to the credit of the Master Association with such depositaries as may be designated by the Board; (d) disburse the funds of the Master Association as may be ordered by the Board; (e) render to the president and directors, whenever they request it, an account of all of the chief financial officer's transactions and of the financial condition of the Master Association; and (f) exercise such other powers and perform such other duties as may be prescribed by the Board or these Bylaws. If required by the Board, the chief financial officer shall give the Master Association a bond, in an amount and with the surety or sureties specified by the Board, for faithful performance of the duties of the treasurer and for restoration to the Master Association of all its books, papers, vouchers, money, and other property of every kind in the chief financial officer's possession or under the chief financial officer's control on the chief financial officer's death, resignation, retirement, or removal from office.

ARTICLE XI
Master Association Finances

Section 11.01. Description of Assessments to Which Owners Are Subject. Owners of Lots or Parcels within the Property are subject to Common Assessments, Special Assessments, Reimbursement Assessments and Reconstruction Assessments as more particularly described in article IV of the Master Declaration.

Section 11.02. Checks. All checks or demands for money and notes of the Master Association shall be signed by the president and chief financial officer, or by such other officer or officers or such other person or persons as the Board of Directors may from time to time designate. Notwithstanding the foregoing, any withdrawal of funds from Master Association reserve accounts shall require the signature of two directors or an officer (who is not also a director) and a director.

Section 11.03. Maintenance Funds. As more particularly described in section 4.02 of the Master Declaration, there shall be established and maintained separate accounts, including operating and reserve funds, be known as Maintenance Funds.

Section 11.04. Budgets and Financial Statements. The following financial statements and related information for the Master Association shall be regularly prepared and copies thereof shall be distributed to each Member of the Master Association as follows:

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

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

(ii) A summary of the Master Association's reserves based upon the most recent review or study conducted pursuant to section 11.05 of these Bylaws and California Civil Code section 1365.5, which shall be printed in bold type and include all of the following:

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

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

(C) The percentage that the amount of accumulated cash reserves is of the estimated amount of necessary cash reserves calculated under subparagraph (a)(ii)(B) of this section.

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

(iv) A general statement setting forth the procedures used by the Board of Directors in calculating and establishing reserves to defray the future costs of repair, replacement or additions to major components of the Property which the Master Association is obligated to maintain.

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

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

- (i) A balance sheet as of the end of the fiscal year;
- (ii) An operating (income) statement for the fiscal year;
- (iii) A statement of changes in financial position for the fiscal year;
- (iv) A statement advising Members of the place where the names and addresses of the current Members are located; and
- (v) Any information required to be reported under California Corporations Code section 8322 requiring the disclosure of certain transactions in excess of \$50,000 per year between the Master Association and any director or officer of the Master Association and indemnifications and advances to officers or directors in excess of \$10,000 per year.

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

- (c) Review of Accounts. On no less than a quarterly basis, the Board of Directors shall:
- (i) Review a current reconciliation of the Master Association's operating funds;
 - (ii) Review a current reconciliation of the Master Association's reserve funds;
 - (iii) Review the current year's actual reserve revenues and expenses compared to the current year's budget;
 - (iv) Review the Master Association's latest account statements prepared by the financial institution(s) with whom the operating and reserve funds are lodged; and

(v) Review the Master Association's income and expense statement for the Operating and Reserve Funds.

(d) Initial Six Month Balance Sheet and Operating Statement. In addition to the foregoing budget and reporting requirements, the Board shall prepare and distribute to the Members a balance sheet and operating statement for the period ending on the last day of the sixth month from the date that Common Assessments were initially levied. This budget and operating statement shall be distributed within 60 days following that date. The operating statement shall include a schedule of assessments received and receivable, identified by the Lot or Parcel number and the name of the Member(s) assessed.

Section 11.05. Required Reserve Studies. At least once every three years, the Board of Directors shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components of the Whitney Oaks master planned community which the Master Association is obligated to repair, replace, restore, or to maintain as part of a study of the reserve account requirements of the Master Association if the current replacement value of those major components is equal to or greater than one-half of the gross budget of the Association (exclusive of the Master Association's reserve account(s) for the same three year fiscal period). The Board shall also review any reserve study required hereunder on an annual basis and shall consider and implement necessary adjustments to the Board's analysis of the Reserve Fund requirements as a result of that review. The reserve study required hereunder shall include the minimum requirements specified in California Civil Code section 1365.5 or comparable successor statute.

ARTICLE XII

Other Required Reports and Disclosures to Members

Section 12.01. Annual Statement Regarding Delinquency/Foreclosure Policy. In addition to the budgets and financial statements described in section 11.04 of these Bylaws, the Board of Directors shall annually distribute within 60 days prior to the beginning of the fiscal year, a statement describing the Association's policies and practices in enforcing its remedies against Members for defaults in the payment of Common and Special Assessments including the recording and foreclosing of liens against Members' Lots.

Section 12.02. Notification to Members Regarding Insurance Coverage Maintained by the Master Association.

(a) Scope of Required Summary Disclosures. In accordance with California Civil Code section 1365(e), within 60 days preceding the beginning of the Master Association's fiscal year, the Master Association shall distribute to its members a summary of the Association's property, general liability and earthquake and flood insurance (if any) containing the information described in subparagraph (b), below.

(b) Content of Annual Insurance Summary. The insurance summary required by subparagraph (a), above, shall include (i) the name of the insurer; (ii) the type of insurance; (iii) the policy limits of the insurance; and (iv) the amount of the deductibles, if any. In addition, the summary shall include the following statement in at least 10 point boldface type: "This summary of the Master Association's policies of insurance provides only certain information, as required by section 1365(e) of the California Civil Code, and should not be considered a substitute for the complete policy terms and

conditions contained in the actual policies of insurance. Any Master Association Member may, upon request and provision of reasonable notice to the Master Association, review the Master Association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the Master Association maintains the policies of insurance specified in this summary, the Association's policies of insurance may not cover your property, including personal property or, real property improvements to or around your Residence, or personal injuries or other losses that occur within or around your Residence. Even if a loss is covered by the Master Association's insurance, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Master Association Members should consult with their individual insurance broker or agent for appropriate additional coverage." To the extent that any of the information that is required to be included in an annual insurance summary is specified in the insurance policy declaration page, the Master Association may meet its obligation to disclose that information by providing its Members with a copy of the declaration page.

(c) Notification of Cancellation or Material Change in Policies. In addition to distributing the insurance summaries described in subparagraph (a) of this section, if any of the policies described in the summary lapse or are canceled and are not immediately renewed, restored or replaced, or if there is a significant change in the policies, such as a reduction in coverage or limits or an increase in the deductible, then the Master Association shall, as soon as reasonably practical, notify its Members of the lapse, cancellation or significant change. This notice shall be sent by first-class mail. If the Master Association receives any notice of nonrenewal of a policy described in subparagraph (a) the Master Association shall immediately notify its Members if replacement coverage will not be in effect by the date the existing coverage will lapse.

Section 12.03. Alternative Dispute Resolution (ADR) Disclosure. On an annual basis, the Board shall provide each member a summary of the provisions of California Civil Code section 1354, which specifically references section 1354 and which includes the language required by section 1354(i). The summary shall be provided either at the time the budget required by section 11.05(a) of these Bylaws is distributed or in the manner specified in California Corporations Code section 5016.

Section 12.04. Notices of Members of Legal Proceedings. Prior to filing any civil action against the Declarant, any Merchant Builder or other developer of any portion of the Property for alleged damage to (a) the Common Areas, (b) all or any portion of the Lots which the Master Association is required to maintain, or (c) the Lots or Parcels which arises from, or is integrally related to, alleged damage to the Common Areas or to all or any portion of the Lots or Parcels which the Master Association is required to maintain, the Board shall provide written notice to each Member specifying each of the following: (i) that a meeting of the Members will take place to discuss problems that may lead to the filing of a civil action, (ii) the options, including the filing of a civil action, that are available to address the problems, and (iii) the date, time and place of the membership meeting.

If the Master Association has reason to believe that any applicable statutes of limitation will expire before the Master Association is able to give this notice, hold the meeting and file the civil action, the Master Association shall be authorized and empowered to file the civil action first and then give the notice required by this section within 30 days following filing of the action.

Section 12.05. Statement of Outstanding Charges. Within 10 days following receipt of a written request by an Owner, the Master Association shall provide the Owner with a written statement setting forth the following information as of the date of the statement: (a) the amount of the Master Association's current Common Assessment and Special Assessments (if any), and fees, (b) the amount and

nature of any assessments levied upon the Owner's Lot or Parcel which are unpaid on the date of the statement; (c) true and correct information regarding late charges, interest, and costs of collection which, as of the date of the statement are or may be made a lien on the Owner's Lot or Parcel which may be made a lien upon that Lot or Parcel in accordance with Civil Code section 1367, and (d) any change in the Master Association's current Common and/or Special Assessments and fees which have been approved by the Master Association's Board of Directors, but have not become due and payable as of the date of the statement. The Master Association may impose a fee for providing the information stated in this section 12.05, not to exceed the reasonable costs incurred to prepare and reproduce the requested items.

Section 12.06. Disclosure of Schedule of Fines or Other Monetary Penalties. If the Master Association adopts a schedule of fines for commonly recurring infractions of the Governing Documents, or any other policy imposing a monetary penalty or a fee on any Member for violation of any Governing Document or the Master Association Rules, including any monetary penalty relating to the activities of a guest or invitee of a Member, the Board shall distribute the schedule or policy to the Members by either personal delivery or by first-class mail. This distribution obligation shall arise whenever such a schedule or policy is adopted or subsequently amended.

Section 12.07. Avoidance of Duplication in Reporting Requirements. To the extent one document distributed to the Members pursuant to article XI or this article provides the information required in more than one of the foregoing sections of this article, any such requirements listed above may be satisfied by sending the Members the same document.

ARTICLE XIII Miscellaneous

Section 13.01. Inspection of Books and Records.

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

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

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

Section 13.02. Manager. The Board may, from time to time, employ the services of a manager to manage the affairs of the Master Association and, to the extent not inconsistent with the laws of the State of California, and upon such conditions as are otherwise deemed advisable by the Board, the Board may delegate to the manager any of its day-to-day management and maintenance duties and powers under these Bylaws and the Master Declaration, provided that the manager shall at all times remain subject to the general control of the Board.

Section 13.03. Robert's Rules of Order. In the event of a question or dispute concerning the procedural aspects of any meetings which cannot be resolved by reference to these Bylaws or applicable law, the matter shall be resolved by reference to Robert's Rules of Order.

Section 13.04. Amendment or Repeal of Bylaws.

(a) Amendment Before Close of First Sale. Before the Close of Escrow of the first sale of a Lot or Parcel to a purchaser other than Declarant, these Bylaws and any amendments thereto may be amended in any respect or revoked by the execution by Declarant and any Mortgagee of record of an instrument amending or revoking the Bylaws together with any consents or approvals that may be required by the DRE. The amending or revoking instrument shall make appropriate reference to these Bylaws and their amendments.

(b) Amendment After Close of First Sale. After the Close of Escrow of the first sale of a Lot or Parcel in the Property to a purchaser other than Declarant, these Bylaws may be amended or revoked in any respect by the vote or assent by written ballot of the holders of not less than 51 percent of the voting rights of each class of Members. If a multi-class voting structure is no longer in effect in the Master Association because of the conversion of Class B membership to Class A membership, as provided in the Master Declaration, any amendment hereof will require the vote or assent by written ballot of both (i) 51 percent of the total Voting Power of the Master Association; and (ii) the vote of 51 percent of the total votes other than Declarant. Notwithstanding the foregoing, the percentage of the Voting Power necessary to amend a specific clause or provision of these Bylaws shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause. For so long as the Declarant holds a Class C membership in the Master Association any amendment of these Bylaws shall also require the prior written consent of the Declarant.

Section 13.05. Notice Requirements. Any notice or other document permitted or required to be delivered as provided herein may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered 72 hours after a copy of same has been deposited in the United States mail, postage prepaid, addressed as follows: if to the Master Association or the Board of Directors at the principal office of the Master Association as designated from time to time by written notice to the Members; if to a director, at the address from time to time given by such director to the secretary for the purpose of service of such notice; if to a Member, at the address from time to time given by such Member to the secretary for the purpose of service of such notice, or, if no such address has been so given, to the address of any Lot or Parcel owned by such Member.

Section 13.06. Indemnification of Master Association Agents.

(a) Indemnification by Master Association of Directors, Officers, Employees and Other Agents. To the fullest extent permitted by law, the Master Association shall indemnify its directors, officers, employees, and other agents described in California Corporations Code section 7237, including

persons formerly occupying any such positions, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any "proceeding" as that term is used in that section and including an action by or in the right of the Master Association, by reason of the fact that such person is or was a person described by that section. "Expenses", as used in this section, shall have the same meaning as in California Corporations Code section 7237(a).

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

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

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

Section 13.07. Construction and Definitions. Unless the context requires otherwise or a term is specifically defined herein, the general provisions, rules of construction, and definitions in the California Nonprofit Mutual Benefit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, and singular number includes the plural and the plural number includes the singular. All captions and titles used in these Bylaws are intended solely for the reader's convenience of reference and shall not affect the interpretation or application of any of the terms or provisions contained herein.

Section 13.08. References to Provisions Within the Bylaws. Any references in these Bylaws to "articles", "sections" or "subparagraphs" shall be to provisions of these Bylaws, unless otherwise indicated.

CERTIFICATE OF SECRETARY

The undersigned, secretary of the corporation known as Whitney Oaks Community Association, hereby certifies that the above and foregoing Bylaws, consisting of 32 pages, were duly adopted by the Incorporator of the Master Association on March 26, 1997, and that they now constitute the Bylaws of the Master Association.

WHITNEY OAKS COMMUNITY ASSOCIATION,
a California nonprofit mutual benefit corporation

By: _____
Name: Derek C. Thomas
Title: Secretary