

3rd Draft

**SECOND RESTATED BYLAWS OF
REGENCY PLACE OWNERS' ASSOCIATION**

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**SECOND RESTATED BYLAWS OF
REGENCY PLACE OWNERS' ASSOCIATION**

ARTICLE I: RECITALS AND DEFINITIONS.

Section 1.1. Name of Association.

The name of this corporation is Regency Place Owners' Association and will be referred to herein as the "Association."

Section 1.2. Definitions.

(a) 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 written ballots cast equals or exceeds the quorum requirement specified in Section 5.5, below.

(b) Member in Good Standing.

"Member in Good Standing" means a Member of the Association who is current in the payment of all dues, assessments, fines, penalties and other charges imposed in accordance with the Governing Documents and who is in compliance with all of the provisions of the Governing Documents (i.e., not being disciplined under Article XIV of the Declaration for Governing Documents violations). A "Member in Good Standing" is a "Member eligible to vote" for purposes of these Bylaws.

(c) Voting Power.

The term "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 Voting Power is made.

(d) Definitions Incorporated by Reference.

All terms used herein that are defined in the Declaration will have the same meaning when used herein unless the context clearly indicates a contrary intention.

ARTICLE II: PRINCIPAL OFFICE.

Section 2.1. Location of Principal Office.

The principal office of the Association will be located at such place within County of Sacramento, State of California as the Board may from time to time designate by resolution and will be the primary location for the housing and storage of the Association's corporate records and important documentation.

ARTICLE III: MEMBERSHIP AND MEMBERSHIP RIGHTS.

Section 3.1. Members of the Association.

Every Owner of a Lot within the Development is a Member of the Association. Only Owners of record of a Lot within the Development may be Members.

Membership in the Association is appurtenant to, and may not be separated from, ownership of any Lot. Membership in the Association will not be transferred, encumbered, pledged, alienated or hypothecated in any way, except upon the transfer or encumbrance of the Lot to which it is appurtenant and then only to the transferee or mortgagee, as the case may be, of such Lot. Any attempt to make a prohibited transfer is void.

Section 3.2. Term of Membership.

Upon becoming the Owner of a Lot, each Owner will automatically be a Member of the Association and will remain a Member until such time as the ownership of the Lot ceases for any reason. The Owner's Membership interest appurtenant to the Lot will automatically transfer to the Lot's new Owner(s) upon the sale, conveyance or other transfer of an Owner's interest in a Lot.

Section 3.3. Multiple Ownership of Lots.

(a) One Membership Vote per Lot.

Members shall be entitled to cast one (1) vote for each Lot owned. Ownership of a Lot will give rise to a single Membership vote in the Association. Accordingly, if more than one (1) person owns a Lot, all of these persons will be deemed to be one (1) Member for voting purposes.

The Secretary will be notified in writing of the Owner designated by their Co-Owners as having the sole right to vote the Membership on their behalf. If no such notification is received, the secretary may accept the vote of any Owner of Record or proxy holder of such an Owner as the vote attributable to the Lot in question. If any Owner casts a vote representing a certain Lot, it will thereafter be conclusively presumed for all purposes that such Owner was acting with the authority and consent of the other Owners of that Lot.

(b) Voting by Multiple Owners.

If joint-Owners are unable to agree among themselves as to how their vote or votes are to be cast, they will lose their right to vote on the matter in question. If multiple Owners of a Lot attempt to vote the Membership attributable to the Lot in an inconsistent fashion, the Secretary or other person or persons designated as inspectors of election by the Board may refuse to count any ballot pertaining to that Lot.

Section 3.4. Furnishing Evidence of Membership.

A person will be entitled to exercise the rights of a Member once the Secretary has received notice in writing at the Association's designated mailing address that the person is qualified to be a Member as set forth in Section 3.1, above, and, if requested by the Association, 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.

Section 3.5. Right to Use and Enjoyment of Common Areas.

Subject to the provisions hereof and the provisions of the Declaration and/or other Governing Documents, a Member and the individuals of a Member's Family who also reside within the respective Member's Lot shall have the right to and be entitled to the use and enjoyment of all Common Areas, roads, and Common Facilities within the Development.

ARTICLE IV: MEMBERSHIP VOTING.

Section 4.1. Single Class of Membership.

The Association shall have one (1) class of voting membership.

Section 4.2. Member Voting Rights.

On each matter submitted to a vote of the Members, whether at a meeting of the Membership called and held pursuant to the provisions of these Bylaws or otherwise, each Member will be entitled to cast one vote for each Lot owned by such Member (subject to limitations found in Section 4.3, below). Single Memberships in which two (2) or more persons have an indivisible interest will be voted as provided in Section 3.3, above.

Section 4.3. Eligibility to Vote.

Only Members in Good Standing will be entitled to vote on any issue or matter presented to the Members for approval. In order to be in good standing, a Member must be current in the payment of all assessments levied against the Member's Lot and not be subject to any suspension of voting privileges as a result of any disciplinary proceeding conducted in accordance with the Declaration (see Section 1.2(a), above, and Section 14.6 of the Declaration).

A Member's good standing will be determined as of the record date established in accordance with Section 5.8. A Member will not be a Member in Good Standing and entitled to vote, if they own more than one (1) Lot and are ineligible to vote with respect to any Lot that is delinquent or for which they are not a Member in Good Standing.

Section 4.4. Manner of Casting Votes.

(a) Voting during Membership Meetings.

Voting at any membership meeting may be by voice, show of hands or by written ballot, except for those matters required to be voted on by written secret ballot pursuant to the Association Rules or applicable law.

(b) Cumulative Voting.

Cumulative voting is not permitted.

Section 4.5. Proxies.

(a) Proxies Generally.

Any Member entitled to vote at any Members' meeting may do so by a written proxy, whereby the proxy shall be exchanged for a written ballot with the Association.

(b) Effectiveness of Proxies.

Any proxy may be for a term not to exceed eleven (11) months from the date of issuance, unless a different term for which such proxy is expressly provided in the proxy. In no case may the proxy term exceed three (3) years from the date of the proxy's execution.

The dates on the proxies presumptively determine the order of execution (and respective validity), regardless of the postmarks shown on the envelopes in which the proxies may have been mailed.

(c) Revocation of Proxies.

Subject to the time limits set forth in subsection (b), above, every proxy continues in full force and effect until revoked by the issuing Member. Once revoked, proxies will not be used for any purpose, including but not limited to establishing a quorum.

Any proxy issued hereunder will be revocable by the Member executing the proxy at any time before any vote by (i) delivery of a written notice of revocation to the Secretary of the Association; (ii) a subsequently issued proxy that is presented to the Secretary of the Association; or (iii) the Member (who executed the proxy) attending such Meeting and voting in person.

A proxy will also be deemed revoked when the Secretary of the Association receives actual notice of any of the following prior to the counting of the vote: (i) death of the Member issuing the proxy or (ii) judicially declared incompetence of the Member.

(d) Proxyholder and Voting of Proxies.

A member can designate anyone as that Member's authorized proxyholder. The authorized proxyholder will vote each proxy it holds strictly in accordance with the provisions of this section and the directions, if any, set forth by the Member on the Member's proxy form.

If the Member fails to indicate a voting preference on any designated matter, or, if some matter not addressed in the proxy is properly brought to a vote of the Members, the proxyholder will have authority to vote the proxy with respect to such matter unless the issuing Member has clearly indicated, in writing on the proxy, that the Member does not desire that the Member's proxy be voted in the proxyholder's discretion.

Failure to indicate a voting preference as to any particular matter described in the proxy will not invalidate the proxy as to other matters where a voting preference is indicated.

(e) Contents and Form of Proxy.

In order to be voted, the proxy must be:

- (i) In writing;
- (ii) Signed by the issuing Member(s);
- (iii) Filed with the Secretary of the Association;

(iv) Set forth a general description of each matter intended (as of the time the proxy is distributed) to be acted upon and provide the Members with an opportunity to specify a choice between approval and disapproval on each such matter; and

(v) For proxies to be used in any election of Directors, the form of proxy will name all candidates known (as of the time the proxy is distributed) and provide a space where the Member can designate a vote for another (write-in) candidate for each Director position. The proxy form will also provide the Members with an opportunity to specify a choice between candidates or to withhold the Member's authority to vote the Member's proxy in the election.

Proxies that do not comply with the above requirements will not count toward any vote and/or towards establishing a quorum.

Proxies should also be dated (in order to assist in verifying the validity of the proxy).

(vi) In accordance with any applicable law, including Civil Code Section 5130 or superseding statute.

(f) Use of Proxy to Establish Quorum.

Subject to Section 4.3 and subsection (d), above, all proxies received by the Association may be counted for purposes of establishing a quorum at the meeting for which the proxy has been issued, regardless of whether the Member has indicated a voting preference on any matter described in the proxy.

(g) Proxy Rights Strictly Limited.

The proxy rights of Members will be strictly limited to the rights specified in this section.

Section 4.6. Action by Written Ballot without a Meeting.

(a) Definition of Written Ballot.

A "written ballot" for purposes of this section (and only this section) is a ballot that is mailed or otherwise distributed to every Member entitled to vote on the matter and that complies with the requirements of this Section and Civil Code Section 5115(a) or a comparable superseding statute.

(b) Written Ballots Generally.

For so long as Civil Code Section 5100(a) or a comparable superseding statute remains in effect, all elections regarding Assessments, selection of Directors, amendments to the Governing Documents or the grant of exclusive use of Common Area to a Member shall be conducted pursuant to this section. Any other matter requiring the vote of the Members may be submitted to the Members for approval by written ballot without the necessity of calling a meeting of the Members, as long as the requirements for action by written ballot set forth in this section are satisfied. The determination to seek

Member approval for Association action in this fashion will be made by a majority vote of the Board. Once the determination is made to seek Member approval by written ballot, the Board will establish a record date. See Section 5.8(a)(iii) for purposes of determining those Members eligible to cast written ballots.

(c) Balloting Time Requirements.

(i) Distribution.

In the case of any matter or issue submitted to the Members for approval by written ballot, the Board will distribute the written ballot to every Member entitled to vote on the matter at least thirty (30) days prior to the final date the written ballots are to be received to be counted. For ballots for Director elections, the culmination of the balloting period will be the date of the annual or special Membership meeting.

(ii) Extension of the Balloting Period.

The time fixed for the return of written ballots may be extended only if the Board so notifies the Members in the balloting materials originally sent to Members. Notwithstanding the foregoing, if a meeting is scheduled and adjourned without concluding the election process, the time fixed for the return of written ballots will be extended to the date the adjourned meeting is reconvened.

(d) Content of Written Ballots.

(i) Written Ballots in General.

Any written ballot distributed to the Members to vote on any issue will set forth the proposed action and provide an opportunity to specify approval or disapproval of the proposed action. For election of Directors, the ballots must set forth the names of all candidates whose names have been placed in nomination at the time the ballot is issued. The ballot form must also provide a space where the Member can designate a vote for another (i.e., write-in) candidate.

(ii) Specification of Time for Return of Written Ballot.

All written ballots must state the time by which the ballot must be received in order to be counted (see subsection (c), above).

(e) Identification of Member Casting Ballot.

The ballot shall not on its face provide any method for identifying the member voting. Instead, a double envelope system shall be used in which the completed ballot is placed in a sealed envelope, which is then placed in another sealed envelope. The member voting shall sign the outside envelope and indicate the address of the Lot for which the ballot is being cast.

(f) Requirements for Valid Member Action by Written Ballot.

Membership approval by written ballot will be valid only if (i) the number of votes cast by ballot within the time established for return of the ballots equals or exceeds the required quorum (as specified in Section 5.5) that would have been required to be present at a Membership meeting if 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.

Except for elections regarding Assessments, amendments to the Governing Documents or the grant of exclusive use of Common Area to a Member; if the time for returning written ballots is extended in accordance with subsection (c)(ii), above, the reduced quorum percentage (if applicable) specified in Section 5.5(a)(iv) will apply.

(g) Solicitation Provisions.

Written ballots will be solicited in a manner consistent with the requirements of Section 5.4, below, pertaining to the issuance of notices of Members' meetings.

All solicitations of written ballots will indicate (A) the number of responses needed to meet the quorum requirement for valid action; (B) the time by which the written ballot must be received by the Association in order to be counted; and (C) in the case of any written ballot distributed to vote on matters other than the election of Directors, the percentage of affirmative votes necessary to approve the measure submitted for Membership approval.

If the period for the return of written ballots is extended under subsection (c)(ii), above, the Board can, in its discretion, announce to the Members the aggregate votes for or against the proposal received as of the extension date.

(h) Inspectors of Election.

The Board shall appoint one (1) or three (3) persons to act as inspector(s) of election for all elections regarding Assessments, selection of Directors, amendments to the Governing Documents or the grant of exclusive use of Common Area to a Member. An Inspector or inspectors may be appointed for other elections at the discretion of the Board. Inspectors shall not be a member of the Board or a candidate for the Board or related to a Director or candidate for the Board. The Association Manager, the Association's counsel or accountant or any other person not expressly disqualified under this subsection may serve as an inspector. The duties of the inspector or inspectors shall be to receive ballots and determine their validity, count and tabulate all votes, determine when voting shall be concluded, determine the results of the election, and perform any other acts necessary to assure the fairness of the election. The Association Rules may clarify and expand upon the duties of inspectors so long as such Rules are consistent with California law.

(i) Additional Balloting Procedures.

If deemed necessary by the Board, the balloting may be conducted in accordance with such additional procedures, not inconsistent with the provisions of this Section 4.6, as may be prescribed by a neutral third party of good repute who may also be retained to supervise the secrecy of and to conduct the balloting process and as necessary to assure the fairness of the procedure and conformance with California law. The Association Rules may also specify such additional balloting procedures.

(j) Notification of Results of Balloting Process.

For all elections regarding Assessments, selection of Directors, amendments to the Governing Documents or the grant of exclusive use of Common Area to a Member, the vote shall be counted and tabulated by the inspector or inspectors of election in public at a properly noticed meeting of

the Board or of the Members. Upon tabulation of the written ballots, the Board will notify the Members of the outcome of the vote within fifteen (15) days of the close of the balloting process and tabulation of the ballots. If the number of written ballots cast with respect to any matter is insufficient to satisfy the minimum quorum requirements for valid action, the Board will notify the Members.

(k) Tabulation of Votes Prior to Completion of Balloting.

The Board may, at its discretion, at a regular or special meeting open to the Members, request the inspector(s) of election to count the votes received to date on a matter for which a ballot has been distributed to the Members even though the deadline for return of the ballots has not yet passed. The inspector(s) shall tally the votes in accordance with this section and announce the results at the meeting of the Board. The Board, based upon the votes received to date, may extend the deadline for return of the ballots by a reasonable time.

(l) Prohibition of Revocation.

Once cast (i.e., received by the Association), a written ballot may not be revoked.

(m) Conducting Informational Meetings.

Use of the written ballot procedures provided herein may not preclude the Association from also conducting informational meetings of the Members or from scheduling a Membership meeting to coincide with the culmination of the balloting period. In the case of Director elections, the balloting period will culminate with the annual meeting, or any special meeting, at which the election is scheduled to be held.

Section 4.7. Majority Vote Required.

If a quorum is present (see Section 5.5, below), the affirmative vote of the majority of the Members represented at the meeting (or written ballot pursuant to Section 4.6, above), entitled to vote and voting on any matter (other than the election of Directors), will be the act of the Members, unless the vote of a greater number of Members is required by the California Nonprofit Mutual Benefit Corporation Law, the Davis-Stirling Act or by the Governing Documents.

ARTICLE V: MEMBERSHIP MEETINGS.

Section 5.1. Place of Meeting.

Meetings of the Members will be held at the Development or at such other reasonable place within the County of Sacramento as selected by the Board.

Section 5.2. Annual Meeting.

There will be a regular meeting of the Members every year. The annual meeting shall be held during the month of March unless other considerations warrant that the Board change when the annual meeting is held. The location of the meeting will be established by the Board and set forth in the notice of meeting sent to the Members.

Section 5.3. Special Meetings.

(a) Persons Entitled To Call Special Meetings.

A majority of a quorum of the Board, the President of the Association or five percent (5%) or more of the Members in Good Standing may call a special meeting of the Members at any time to consider any lawful business of the Association.

(b) Procedures for Calling Special Meetings Requested by Members.

In order to call a special meeting by five percent (5%) or more of the Members in Good Standing, a request must be submitted by such Members in writing, specifying the general nature of the business proposed to be transacted, and must be delivered personally, by first class or certified mail, or by telegraphic or facsimile transmission to the President, the Vice President, or the Secretary of the Association. The written request must: (i) bear the signatures of all requesting Members in Good Standing, (ii) include the Members Lot number, (iii) be dated, (iv) bear the name(s) of the Member(s) circulating the request, and (v) the Member(s) circulating the request must attach a written, signed certification to the request attesting to the validity of the signatures.

In order to count as a valid signatory, a Member signing the request must be eligible to vote as of the date specified on the written request for Special Meeting (see Section 1.2(a) and Section 4.3, above). A special Members' meeting will not be called unless these procedures are strictly adhered to.

(c) Action by the Association.

The Officer receiving the request will cause notice to be promptly given to the Members, in accordance with the provisions of this Article V, that a meeting will be held, and the date, time and purpose for such meeting, which date will be not less than thirty-five (35) nor more than ninety (90) days following the receipt of the request.

If notice of the meeting is not given to the Members within twenty (20) days after the Officer's receipt of the request, the Members requesting the meeting may give the notice. The right of the requesting Members to notice and call the meeting on their own initiative will not arise until after the twenty (20) day period has elapsed.

Nothing contained in this subsection may 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 or the President.

(d) Use of Written Ballot in Lieu of Special Meeting.

In accordance with Section 4.6, the Board may distribute a written ballot for any Member action which is the subject of a valid written request pursuant to this subsection instead of calling a special meeting of members. If a written ballot is to be used, it shall be distributed to the Members within thirty (30) days before the Special Meeting but the deadline for return of the ballot must not be more than ninety (90) days from the date of receipt of the written request. The Member(s) sponsoring the request shall, as a group, be entitled to submit a written statement of their reasons for requesting the Member action which shall be included with the ballot, as long as such request is delivered personally, by first class or certified mail, or by telegraphic or facsimile transmission to the President, the Vice President, or

the Secretary of the Association within fifteen (15) days after their request for Special Meeting has been delivered to the Association. Such statement shall not, unless authorized by the Board, exceed five (5) pages. The Member(s) submitting the request shall be responsible for payment of the Association's actual cost for copying such statements and for any additional mailing costs.

Section 5.4. Notice of Members' Meetings.

(a) Requirement that Notice be Given.

Notice of all annual and special meetings of the Members must be sent or otherwise given in writing to all Members.

(b) Time Requirements for Notice.

The notice of Membership meetings will be given in the manner specified in subparagraph (e) of this Section 5.4, not less than ten (10) nor more than ninety (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 will be given not less than twenty (20) days (nor more than ninety (90) days) before the meeting.

(c) Minimum Requirements Regarding Contents of Notice.

The notice of any Membership meeting will specify the place, date, and hour of the meeting. The notice of any meeting at which Directors are to be elected will include the names of all those individuals who are nominees at the time the notice is given to the Members.

In the case of a regular meeting, the notice will also describe those matters that the Board, at the time of giving the notice, intends to present for action by the Members; but any proper matter may be presented at the meeting for such action so long as a quorum is present.

In the case of a special meeting, the notice will also state the general nature of the business to be transacted, and contain a statement that "no other business may be transacted at the special meeting."

(d) Specification of Certain Significant Actions.

If any action is proposed to be taken at any Membership meeting for approval of any of the following proposals, the notice must state the general nature of the proposal. Member action on the following items is invalid unless the notice or written waiver of notice or consent complies with this provision:

(i) Removing a Director without cause;

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

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

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

(v) Approving any change in the Association's assessments in a manner requiring Membership approval under the Governing Documents; or

(vi) Voting upon any election to voluntarily terminate and dissolve the Association.

(e) Manner of Service.

Notice of any meeting of Members will be given either personally or by first-class mail, telegraphic, or other written communication, charges prepaid, addressed to each Member either at the address of that Member appearing on the books of the Association or the address given by the Member to the Association for the purpose of notice. If no address appears on the Association's books and no other address has been given, notice will be deemed to have been given if either (i) notice is sent to that Member by first-class mail or telegraphic or other written communication to the Association's principal office, or (ii) notice is published at least once in a newspaper of general circulation in the County of Sacramento. If authorized by the Board, any such notice may be given by email transmission to those Members who have submitted a written authorization for all notices to be delivered by such means and have provided a valid email address. Any such notice by email shall conform to the requirements of Corporations Code Section 7511 or comparable superseding statute.

Notice will 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 of the Association, and if so executed, will be filed and maintained in the minute book of the Association. Such affidavit will constitute prima facie evidence of the giving of notice.

Section 5.5. Quorum Requirements.

(a) Quorum Requirements Generally.

The following quorum requirements must be satisfied in order to take valid action at any meeting of the Members or for any act by written ballot:

(i) Quorum for Removal of Directors from Office.

In the case of any Membership meeting or written ballot (pursuant to Section 4.6, above) called or conducted for the purpose of voting on the removal of any Director from office, the quorum requirement for valid action on the proposal will be fifty-one percent (51%) of all Members.

If the minimum quorum percentage specified in this subsection (a)(i) is not satisfied, the meeting may be adjourned to another time and/or place not more than thirty (30) days after

the initial meeting date (see Section 5.6, below) by a majority of those Members present, but the same quorum requirements will apply at the reconvened meeting.

(ii) Quorum for Votes on Assessment Increases.

In the case of any Membership meeting or written ballot (pursuant to Section 4.6, above) called or conducted for the purpose of voting on assessment increases requiring Membership approval (see Article V of the Declaration) the quorum requirement for valid action on the proposal will be the percentage specified in Civil Code section 5605 or comparable superseding statute. That quorum percentage is currently defined as a majority of the Members subject to the Assessment.

If the minimum quorum percentage specified in this subsection is not satisfied, the meeting may be adjourned to another time and/or place not more than thirty (30) days after the initial meeting date (see Section 5.6, below) by a majority of those Members present, but the same quorum requirements will apply at the reconvened meeting.

(iii) Quorum for Valid Action on All Other Matters.

In the case of a Membership meeting or written ballot (pursuant to Section 4.6, above) called or conducted for any other purpose, the quorum will be to thirty-three percent (33%) of the Members eligible to vote (see Section 1.2(a) and Section 4.3, above), provided that if any regular Membership meeting is actually attended, in person or by proxy, by less than one-third (1/3) of the Voting Power (as defined in Section 1.2(c), above) of the Members (but a quorum is present) the only matters upon which action may validly be taken are those matters the general nature of which were described in the notice of the meeting.

(iv) Reduction in Quorum Percentage for Action on Other Matters.

Whether or not the minimum quorum percentage specified in subsection (a)(iii), above, is satisfied, the meeting may be adjourned to another time and/or place not more than thirty (30) days after the initial meeting date (see Section 5.6 below) by a majority of those Members present. At the reconvened meeting, the quorum percentage will be reduced to twenty-five percent (25%) of the Members eligible to vote (see Section 1.2(a) and Section 4.3, above). If this reconvened meeting is attended by less than one-third (1/3) of the Voting Power (as defined in Section 1.2(c), above) of the Members (but a quorum is present) the only matters upon which action may validly be taken are those matters the general nature of which were described in the notice of the meeting.

If a quorum is never established for the meeting, a majority of those Members who are present in person or by proxy may vote to adjourn the meeting for lack of a quorum, but no other action may be taken or business transacted. Adjournment is the only valid act that may be taken if a quorum of the Members is not established. Any act of the Members (whether at a meeting or by written ballot pursuant to Section 4.6, above) is void and has no effect if the requisite quorum requirement is not met.

(b) Members Represented by Proxy.

Members present at a Membership meeting in person, proxy, or ballot (subject to the limitations set forth in Section 4.3 and Section 4.5, above) will be counted toward satisfaction of the quorum requirements specified herein.

(c) 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, so long as any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum.

Section 5.6. Adjourned Meeting.

(a) Adjournment Generally.

Any Members' meeting, annual or special, whether or not a quorum is present, may be adjourned to another place and/or time (but not for more than thirty (30) days) by the vote of the majority of Members present at the meeting (present either in person or by proxy). Unless there is an absence of a quorum at the reconvened meeting (in which case no business other than adjournment may be transacted), the reconvened meeting may take any action that might have been transacted at the original meeting (subject to the limitations imposed by Sections 5.5(a)(i), (a)(ii), and (a)(iii) above).

(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 (see Section 5.8) is fixed for voting, notice of the adjourned meeting must be given to all Members.

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

(a) Waivers and Consents Generally.

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

All such waivers, consents, or approvals will be filed with the Association records or be made part of the minutes of the meeting.

(b) Effect of a Member's Attendance at a Meeting.

Attendance by a Member or the Member's proxy holder at a meeting will 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 because of 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 that are required to be described therein pursuant to Section 5.4(d), if that objection is expressly made at the meeting. Attendance at a meeting is also not a waiver of any right to object to the meeting for reasons other than improper notice.

Section 5.8. Record Dates for Member Notice; Voting and Giving Consents.

The record dates established pursuant to this section will be as of the close of business for the following dates:

(a) Record Dates Established by the Board of Directors.

For the purpose of determining which Members are entitled to receive notice of any meeting, to act by written ballot without a meeting (see Section 4.6, above), or exercise any rights in respect to any other lawful action, the Board should fix, in advance, a "record date." Only Members of record who are also Members in Good Standing, as defined by Section 1.2(a) of the Bylaws, on the date so fixed are entitled to notice of any meeting, notwithstanding any transfer of any Membership on the books of the 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.

Only Members of record and eligible to vote (see Section 1.2(a) and Section 4.3, above) on the date so fixed are entitled to vote, or to take action by written ballot (pursuant to Section 4.6, above) or otherwise, as the case may be.

(i) Record Date for Notice of Meetings.

In the case of determining those Members entitled to notice of a meeting, the record date will be no more than ninety (90) nor less than ten (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 will be no more than sixty (60) days before the date of the meeting. In accordance with Corporations Code Section 7611, or superseding statute, such record date will also apply in the case of an adjournment of the meeting unless the Board fixes a new record date for the adjourned meeting;

(iii) Record Date for Action by Written Ballot without Meeting.

In the case of determining Members entitled to cast written ballots (pursuant to Section 4.6, above), the record date will be no more than sixty (60) days before the day on which the first written ballot is mailed or solicited; and/or

(iv) Record Date for Other Lawful Action.

In the case of determining Members entitled to exercise any rights in respect to other lawful action, the record date will be no more than sixty (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 provisions will apply:

(i) Record Date for Notice of Meetings.

The record date for determining those Members entitled to receive notice of a meeting of Members will 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 of Members will be the business day preceding the day on which the meeting is held, or in the case of an adjourned meeting, the business day preceding the date on which the adjourned meeting was held.

(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 Association actions without a meeting (pursuant to Section 4.6, above), when no prior action by the Board has been taken, will be the day on which the first written ballot is mailed or solicited. When prior action of the Board has been taken, it will 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 with respect to any other lawful action will be the day on which the Board adopts the resolution relating thereto, or the sixtieth (60th) day prior to the date of such other action, whichever is later.

Section 5.9. Conducting Meetings.

All Member meetings will be conducted in accordance with a recognized system of parliamentary procedure or such other parliamentary procedures as the Association may choose to adopt.

If the Association has not adopted parliamentary procedures and a dispute arises that cannot be resolved by reference to these Bylaws or applicable law, the matter will be resolved by reference to Robert's Rules of Order.

ARTICLE VI: BOARD OF DIRECTORS.

Section 6.1. General Association Powers.

Subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law (Corporations Code Sections 7110 et seq.), the Davis-Stirling Common Interest Development Act (Civil Code Sections 4000 et seq.) and limitations set forth in any of the Association's Governing Documents relating to such actions that require Member approval, the business and affairs of the Association will be

vested in and exercised by the Association's Board, including, in particular, all powers and duties set forth in the Declaration and other Governing Documents.

Subject to the limitations expressed in Section 9.1 (pertaining to committees), below, and any restrictions set forth in the Declaration, the Board may delegate the management of the activities of the Association to any person or persons, management company, or committee, provided that notwithstanding any such delegation the activities and affairs of the Association will continue to be managed and all Association powers will continue to be exercised under the ultimate direction of the Board.

Section 6.2. Number and Qualification of Directors.

The Board will consist of five (5) Members each of whom will be (i) an Owner, and (ii) a Member in Good Standing (see Section 1.2(a)). Owners' Family, lessees, servants, employees, guests, invitees, licensees, contract purchasers, and/or persons who hold an interest in a Lot merely as security for the performance of an obligation are not eligible to serve on the Board.

Only one (1) Owner per Lot may be a member of the Board at one (1) time. All Directors must maintain their good standing status with the Association during their term of office or be subject to removal for cause pursuant to Subsection 6.6(c)(iv), below.

Section 6.3. Term of Office.

Directors will serve for a term of two (2) years. The Association will institute a rotation of Directorships so that office terms are staggered on a three (3) - two (2) Director basis, with either three (3) or two (2) Directors elected every year. Each Director, including a Director elected to fill a vacancy or elected at a special meeting of Members, will hold office until the expiration of the term for which elected and until a successor has been elected and qualified. There is no limit on the number of consecutive terms to which a Director may be reelected.

Section 6.4. Nomination of Directors.

Individuals can become candidates for election to the Board in any of the following ways:

(a) Candidates Selected by Nomination Committee.

At least ninety (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 chairperson who shall be a Member of the Board of Directors, and two or more Members of the Association who may or may not be Board Members. The nominating committee shall make its report to the Board at least sixty (60) days before the date of the election.

After the Board has received the nominating committee's report, the Secretary shall forward to each Member, with the notice of meeting required by Section 5.4, 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 additional names into nomination.

(c) Petition Procedure.

A Member can become a candidate for election to the Board by filing with the Secretary of the Association a petition in support of the Member's candidacy signed by at least ten percent (10%) of the members (or applicable Project Unit Owners with respect to a Project Director (*see* Subdivision (e) below). In order to count as a valid signatory, a Member signing said petition must be eligible to vote (*See* Subsection 1.2(a) and Section 4.3, above). 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 thirty (30) days and no earlier than fifty (50) days prior to the election.

(d) Good Standing Requirement for Candidacy and Election.

To be eligible for nomination and to be elected to the Board, a candidate must be certified by the Association Secretary or the Association manager that: (1) the candidate is in good standing with the Association, and (2) the candidate's Lot is current in the payment of Assessments both at the time the candidate's name is placed in nomination and as of the election date. (*See* Section 1.2(a) and Section 4.3, above.)

All Directors must maintain their good standing status with the Association during their term of office or be subject to removal for cause pursuant to Section 6.6(c)(iv) below.

(e) Project Directors.

Upon the annexation of any Project into the Subdivision in accordance with the requirements of the Declaration, where the Project has twenty-five (25) or more Lots, the Board shall designate not more than one (1) position on the Board as a "Project Director" position which will be filled solely by the votes of the Owners within such Project. Such designation shall be made at the next meeting of the Members subsequent to such annexation and to the conveyance of the first Project Unit. The designation of the Project Director position converts one (1) of the existing positions on the Board to a Project Director position. The Project Director has the same requirements, rights, and duties, applicable to the other Directors, set forth in these Bylaws, except for the vote of Project Unit Owners required in this subsection and Section 6.6. Only the Owners of a Project Unit may vote for a nominee of a Project Director regarding the particular Project containing the Project Unit. The Owners of Project Units may vote on nominees for any non-Project Director position.

Section 6.5. Election of Directors.

(a) Directors Elected by Written Ballot.

The election (or recall) of Directors will be conducted by secret written ballot (via a written ballot distributed to Members at a meeting for purposes of conducting a vote of the Members at such meeting or the written ballot procedures of Section 4.6, above).

(b) Determination of Election Results and Succession to Office.

The Board of Director candidates receiving the highest number of votes, up to the number of Directors to be elected, will be elected as Directors and will 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 for a Director position, the tie will be broken by lot (e.g., the candidates drawing straws).

Section 6.6. Vacancies on Board of Directors.

(a) Vacancies Generally.

A vacancy or vacancies in the Board will be deemed to exist on the occurrence of any of the following: (i) the death, resignation, or removal of a Director (under subsections (b) through (e), below); (ii) an increase of the authorized number of Directors; or (iii) the failure of the Members, at any meeting of Members at which any Director or Directors are to be elected, to elect the number of Directors to be elected at such meeting.

(b) Resignation of Directors.

Any Director may resign, and such resignation will be effective on giving written notice to the President, the Secretary, or the Board, 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 may elect a successor to take office when the resignation becomes effective.

(c) Authority of Board to Remove Directors.

The Board will have the power and authority to remove a Director and declare their office vacant if they:

- (i) have been declared of unsound mind by a final order of court;
- (ii) have been convicted of a felony;
- (iii) have been found by a final order or judgment of any court to have breached any duty under Corporations Code Sections 7233-7236 (relating to the standards of conduct of Directors);
- (iv) fail to maintain the Director's "Member in Good Standing" status (see Section 1.2(a) and Section 4.3) for a period of ninety (90) consecutive days or longer; and/or
- (v) fail to attend three (3) consecutive regular meetings of the Board that have been duly noticed in accordance with California law.

(d) Authority of Members to Remove Directors.

Except as otherwise provided in subsections (c) or (e) of this Section 6.6, a Director may be removed from office prior to expiration of their term only by the affirmative vote of a majority of the Members represented and voting at a duly held meeting at which a quorum is present. Any Membership action to recall or remove a Director will be conducted in accordance with the following procedures:

(i) A written petition must be presented in person to the President, Vice President, or Secretary of the Association and must carry the signatures of Members in good standing who represent at least five percent (5%) of the Members. Such petition must set forth the reason(s) the petitioners are seeking the Director's removal; the date, the signature and Lot number of each petitioner in their own handwriting; the name(s) of the sponsor(s) of the petition; and must fulfill all other requirements of law. The sponsors circulating the petition must append a written, signed certification to the petition attesting to the validity of the signatures.

(ii) Within twenty (20) days after receipt of such petition, the Board will call a meeting of the Members (pursuant to Section 4.6) to vote upon the requested recall. Such meeting will be conducted not less than thirty-five (35) nor more than ninety (90) days after the petition is presented to the Board.

(iii) If the Board fails to set a date for, and give the Members notice of, such meeting within twenty (20) days, the Members initiating the petition may call such meeting on their own initiative without Board approval or sanction. The right of the requesting Members to notice and call the meeting on their own initiative will not arise until after the twenty (20) day period has elapsed.

(iv) The Director(s) whose removal is being sought will have the right to rebut the allegations contained in the petition orally, in writing, or both. If the rebuttal is in writing, it will be mailed by the Association together with either the recall ballot (see Section 4.6, above) or the notice of meeting (see Section 5.4, above).

(v) If the quorum requirement for a valid Membership action is not satisfied or if the vote in favor of recall does not satisfy the requirements of Section 4.7, above and/or Section 6.6(d)(vii), below the removal action will have failed.

(vi) In order to preserve Association assets, if a recall attempt fails, the Members' right to another recall vote for the same Director(s) will not arise until six (6) months has elapsed from the date of the last recall vote.

(vii) Unless the entire Board is removed from office by a vote of the Members, an individual Director will not be removed unless (a) the requisite quorum is present and (b) a majority of the Members voting, vote their approval for the Director's removal.

(viii) If the removal/recall of all Directors is approved by a vote of the Members, the Association's attorney of record (if present) or the Association's Manager (if the Association's attorney is not present) will serve as the interim chairman for that Member meeting until the Members have elected a new Board and the newly elected Board selects a new chairman for that Member meeting.

(e) Removal by Court Action.

The Superior Court of Sacramento County may, in response to a suit filed by any Director or at least five (5) Members in good standing (see Section 1.2(a) and Section 4.3), remove any Director determined to be guilty of fraudulent or dishonest acts or gross abuse of authority or discretion with reference to the Association. The Association will be made a party to any such action.

(f) Filling Vacancies.

If a vacancy on the Board is created by a Member vote pursuant to subsection (d), above, the vacancy will be filled by a vote of a majority of the Members represented in person or by proxy at a duly held meeting of the Members at which a quorum is present. If more than one (1) Director vacancy is being filled, the Director positions will be filled so that the elected Director(s) with the most votes will fill the Director position(s) with the longest remaining term of office.

All other vacancies on the Board will be filled by a majority vote of the remaining Directors (whether or not a quorum of Directors is present). If the Directors fail to fill any vacancy, the Members may fill the vacancy by a vote of a majority of the Members represented in person or by proxy at a duly held meeting of the Members at which a quorum is present.

(g) Reduction in Number of Directors.

No amendment to these Bylaws which reduces the authorized number of Directors will have the effect of removing any Director before that Director's term of office expires.

Section 6.7. Disputes as to Elections and/or Removal of Director(s).

Should any dispute arise as to whether one (1) or more Director(s) were validly removed, elected and/or appointed, such dispute will be subject to binding arbitration. The arbitrator appointed to decide the dispute will be knowledgeable/experienced in the area of corporate law. The arbitration will be held and the arbitrator's decision will be made as soon as practical.

Section 6.8. Compensation.

Directors, officers, and/or members of committees will not be entitled to compensation for their services as such, although they may be reimbursed for such actual expenses as the Board determines are just and reasonable. Expenses for which reimbursement is sought must be supported by a proper receipt or invoice.

ARTICLE VII: BOARD MEETINGS.

Section 7.1. Place of Meetings.

Regular and special meetings of the Board may be held at the Development, or any place within Sacramento County that has been designated from time to time by resolution of the Board and stated in the notice of the meeting.

Section 7.2. Annual Meeting of Directors.

Immediately following each annual meeting of Members, the Board will hold a regular meeting for the purposes of organization, election of officers, and the transaction of other business. Notice of this meeting will not be required.

Section 7.3. Other Regular Meetings.

(a) Frequency of Regular Meetings.

Other regular meetings of the Board shall be held monthly, unless otherwise determined by the Board, at such place and hour as may be fixed from time to time by resolution of the Board. Should any meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday. Regular meetings of the Board shall not be held less frequently than once every three (3) months.

(b) Notice Requirements.

Notice of the time and place of all regular meetings of the Board will be given to each Director at least four (4) days prior to the meeting by one of the following methods: (A) by personal delivery of written notice; (B) by first-class mail; (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); (D) e-mail transmission; (E) facsimile transmission; and/or (F) other electronic medium/method. All such notices will be given or sent to the Director's address or telephone number as shown on the records of the Association or as designated by that Director. However, notice of a regular meeting 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 7.11, below.

Section 7.4. Special Meetings of the Board.

(a) Who May Call a Special Meeting.

Special meetings of the Board may be called for any purpose at any time by the President or by any two (2) Directors.

(b) Notice of Special Meetings.

(i) Manner of Giving.

Notice of all special meetings of the Board will be given to each Director by any of the following methods: (A) by personal delivery of written notice; (B) by first-class mail; (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); (D) e-mail transmission; (E) facsimile transmission; and/or (F) other electronic medium/method. All such notices will be given or sent to the Director's address or telephone number as shown on the records of the Association or as designated by that Director.

Notwithstanding the foregoing, notice of a special meeting need not be given to any Director who 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 7.11, below.

(ii) Time Requirements.

Notices sent to Directors by first-class mail will be deposited in a United States mailbox at least four (4) days before the time set for the meeting. Notices to Directors given by personal

delivery, telephone or other electronic medium/method at least forty-eight (48) hours before the time set for the meeting.

(iii) Notice to Members.

Notice of the time and place of special meetings may be published in the Association's newsletter and/or first class mailing to all Members.

(iv) Notice Contents.

The notice of special meetings will state the time, place and purpose of the meeting.

Section 7.5. Emergency Meetings of the Board.

The Board may also hold emergency Board meetings if there are circumstances that could not have been reasonably foreseen and that require immediate attention and possible action by the Board. Given the necessity of emergency Board meetings and the impracticability of providing notice, emergency Board meetings can be held without complying with the notice requirements set forth above in Sections 7.3 and 7.4, above.

If prompt or immediate action of the Board is necessary and there is insufficient time to comply with the notice requirements set forth in Sections 7.3 and 7.4, above, reasonable efforts will nevertheless be made to contact all Board Members regarding the proposed action in advance thereof, rather than relying on notification after the fact.

Section 7.6. Action without Meetings.

Except as provided in this Section 7.6, the Board shall not take action on any item of business outside of a meeting, provided however, that the Board may meet by a teleconference in which a majority of the members are in different locations and are connected by electronic means, by audio or video or both.

Except in an emergency, action may not be taken by the Board through a series of electronic transmissions, including but not limited to electronic mail. Electronic transmissions may be used as a method of conducting an emergency meeting if all Directors, individually or collectively, consent in writing to that action, and if the written consent or consents are filed with the minutes of the meeting of the board. Written consent to conduct an emergency meeting may be transmitted electronically

Section 7.7. Executive Sessions.

The Board shall be entitled to call and/or to adjourn from a general Board Meeting at any time for purposes of convening in executive session to discuss: (i) litigation in which the 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 may also convene in executive session to meet with a Member at the Member's request regarding the Member's payment of Assessments, as specified in Civil Code Section 5665(b) or comparable superseding statute. If a Member who may be subject to a fine, penalty and/or other form of discipline requests, the Board shall meet in executive session to discuss the imposition of the fine, penalty and/or other form of discipline. The Member who is the subject of the disciplinary proceeding shall be entitled to attend the executive session. A general statement of the nature

of any and all business to be considered in executive session shall be stated in the Board meeting minutes immediately following the executive session.

If the Board is only meeting in executive session, notice of the time and place of the executive session along with an agenda for the meeting, shall be posted in a prominent place or places within the Common Area at least two (2) days prior to the meeting. Such notice may also be published in the Association's newsletter, sent by mail, and/or by personal delivery to all Members. Notice may also be sent by electronic means, if authorized by the Member.

Section 7.8. Members' Rights.

(a) Meetings Generally Open to Members.

With the exception of executive sessions, any Member of the Association may attend and speak at any Board and/or Member meetings. The Board may establish a written policy for the Member open forum period that sets forth: (1) when during the meetings Members may speak; (2) reasonable time limits for each speaker; and (3) the total time allowed for Members to speak. Unless a majority of the Directors expressly votes to allow further non-Director participation, the participation of Members who are not Directors is limited to the Member open forum period.

(b) Board Meeting Minutes.

Minutes will be kept for all Board meetings. Taking into consideration the need to maintain confidentiality of matters discussed in executive sessions, any matter discussed in an executive session will only be generally noted in the minutes of the Board meeting.

The minutes (or draft minutes that are marked to indicate draft status, or a summary of the minutes) of any meeting of the Board, other than minutes of an executive session, will be available to the Members within thirty (30) days following the Board meeting. Upon a Member's request (and payment of the Association's costs of copying and distribution), copies of the minutes (or draft minutes that are marked to indicate draft status, or a summary of the minutes) will be provided to the requesting Member.

Members will be notified annually in writing of the Members' right to have copies of the minutes of any Board meeting and how and where those minutes may be obtained.

(c) Members' Right to Notice of Meetings.

Except for emergency Board meetings, Members will be given notice of the time and place of all Board meetings (as defined in Civil Code Section 4920 or comparable superseding statute) at least (4) four days before the date of the meeting by posting the notice of the meeting in a prominent place or places within the Common Area, by personal delivery or first class mail to each Lot, or by newsletter.

Section 7.9. Quorum Requirements.

Three (3) Directors will constitute a quorum for the transaction of business for any and all purposes, except to adjourn as provided in Section 7.10, below. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present will be regarded as the act of the Board.

A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors below a quorum, if any action taken is approved by at least a majority of the remaining Directors at that meeting, or such greater number as may be required by law.

Section 7.10. Adjournment.

A majority of the Directors present, whether or not a quorum exists, may adjourn any Board meeting to another time and place. If the meeting is adjourned for four (4) days or less, no notice of the rescheduled meeting is required. If the adjournment is for a period over four (4) days, then prior to the time of the rescheduled meeting, notice of adjournment to the new time and/or place will be given to the Directors who were not present at the time of the adjournment. Except as provided above, no other notice needs to be given.

Section 7.11. Waiver of Notice.

Any action taken at any meeting of the Board, however called and noticed or wherever held, will 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 will be filed with the Association records or made a part of the minutes of Board meetings and will have the same force and effect as a unanimous vote of the Board. The requirement of notice of a meeting will 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 7.12. Conducting Meetings.

All Board meetings will be conducted in accordance with a recognized system of parliamentary procedure or such other parliamentary procedures as the Board may choose to adopt. If the Board has not adopted parliamentary procedures and a dispute arises that cannot be resolved by reference to these Bylaws or applicable law, the matter will be resolved by reference to Robert's Rules of Order.

Section 7.13. Presiding Officer.

The President of the Association shall be the chairperson of the Board and shall preside at all meeting of the Board, unless such responsibility is appointed to another officer of the Board or the Association's manager.

ARTICLE VIII: OFFICERS.

Section 8.1. Officers.

The officers of the Association will be a president, a vice president, a secretary, a chief financial officer, and such other officers as the Board may from time to time by resolution appoint.

Section 8.2. Election of Officers.

The officers of the Association will be elected by the Board at the first meeting of the Board following each annual meeting of the Membership. New officer positions may be created and filled at any meeting of the Board. Each officer will hold their office until they resign, are removed or otherwise disqualified to serve. Successors will be elected and qualified by the Board.

Section 8.3. Terms; Removal of Officers.

The officers of the Association will hold office for a period of one (1) year. Any officer may be removed by the Board with or without cause, at any regular or special meeting. Such removal may, in the discretion of the Board, be given immediate effect.

Section 8.4. Resignation of Officers.

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

Section 8.5. Vacancies.

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause will be filled for the unexpired portion of the term in the manner prescribed in the Bylaws for regular appointments to such office.

Section 8.6. President.

The president will be a member of the Board. The president will be the chief executive officer of the Association and will, subject to the control of the Board, have general supervision, direction and control of the affairs and officers of the Association.

The president will preside at all meetings of the Board and membership, will have the general power and duties of management usually vested in the office of president of a corporation, together with such other powers, acts and duties as may be prescribed by the Board or are set forth in the Bylaws, and will see that orders and resolutions of the Board are carried out. The President shall not hold any other office.

Section 8.7. Vice President.

In the absence or disability of the president, the vice president will perform all the duties of the president and when so acting will have all the powers of, and be subject to all the restrictions upon, the president. The vice president will perform such other acts and duties and have such powers as from time to time may be prescribed by the Board or set forth in these Bylaws.

Section 8.8. Secretary.

(a) Minutes.

The secretary will keep or cause to be kept at the principal office or such other place as the Board may order, a book of minutes of all meetings of Directors and Members, with the time and place of holding same, whether regular or special, 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. For all special meetings of either the Board or the Members, the book of minutes will also indicate how the meeting was authorized.

(b) Records.

The secretary will keep, or cause to be kept, all appropriate records of the Association, including current records showing the Members of the Association, together with the Members' addresses as last submitted to the Association by each Member.

(c) Meetings and Votes.

The secretary will give, or cause to be given, notice of all meetings as required by these Bylaws and/or by California law. The secretary will record, or cause to be recorded, the results of all votes in a book kept for that purpose.

(d) Other Responsibilities.

The Secretary will perform such other acts and duties and have such powers as from time to time may be prescribed by the Board or set forth in these Bylaws.

(e) Assistants.

Assistant secretaries, if any, will perform all the duties of the secretary in the absence of the secretary. The Assistant secretaries, if any, will also perform such other acts and duties as may be assigned to them by the Board.

Section 8.9. Chief Financial Officer.

The chief financial officer will serve as the Association's chief financial officer and will keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the Development and business transactions of the Association, including accounts of the Association's assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. Pursuant to Section 11.2(b), the chief financial officer will also cause an annual audit or review of the Association's books to be made by a certified public accountant at the completion of each fiscal year in which the Association's gross income exceeds seventy-five thousand dollars (\$75,000.00).

The chief financial officer will receive and deposit, or cause to be received and deposited, all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board in compliance with the requirements of the Governing Documents. The chief financial officer will disburse the funds of the Association as may be directed by the Board; provided, however, that a resolution of the Board will not be necessary for disbursements made in the ordinary

course of business conducted within the limits of the budget adopted by the Board. The chief financial officer may, but need not, be a required signatory on checks, notes and/or other instruments of the Association.

The chief financial officer will render to the president and/or Directors, whenever they request it, an account of all of their transactions as chief financial officer and of the financial condition of the Association. The Association's books and financial records will at all reasonable times be open to inspection by any Director or Member pursuant to inspection rights specified at Article XII, below.

If required by the Board, the chief financial officer will give the Association a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of their office and for restoration to the Association of all its books, papers, vouchers, money, and other property of every kind in their possession or under their control on their death, resignation, retirement, or removal from office. The chief financial officer will have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

Assistant chief financial officers, if any, will perform all the duties of the chief financial officer in the absence of the chief financial officer. The Assistant chief financial officer(s) will perform such other acts and duties as may be assigned to the office by the Board.

ARTICLE IX: COMMITTEES.

Section 9.1. Committees.

The Board may appoint committees. Such committees will have the duties and functions as established by the Board.

The committees will serve at the pleasure of the Board and will have such authority as designated and granted by the Board with respect to matters within their area of assigned responsibility.

Section 9.2. Meetings and Actions of Committees.

The meetings and actions of all Association committees will 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 the specific provisions of Article VII as are necessary to substitute the committee and its members for the Board and its members, except that the time for regular meetings of committees may be determined either by resolution of the Board or by resolution of the committee.

Special meetings of committees may also be called by resolution of the Board. Notice of meetings of a committee will be given to any and all regular and alternate committee members, who will have the right to attend all meetings of the committee. Minutes will be kept of each meeting of any committee and will be filed with the Association records. The Board may adopt Rules not inconsistent with the provisions of these Bylaws for the governance of any committee.

Section 9.3. Effect of Committee Actions.

Unless otherwise expressly provided in the Governing Documents, including a Board resolution authorizing and empowering a committee, all actions of any committee will be considered advisory to the Board and will be scheduled on the agenda of the Board meeting next following the committee's action or

decision. At the next Board meeting, the Board may act to affirm, rescind, or modify any and all committee actions, as the Board in its discretion deems appropriate.

ARTICLE X: CONFLICTS OF INTEREST.

Section 10.1. Conflicts of Interest.

No Association official (including Directors, officers, committee members and/or manager) may make, participate in making, or in any way attempt to use their official position to influence an Association decision in which the official knows, or has reason to know, that the official has a direct or indirect financial interest which is distinguishable from the financial interest of the Members of the Association generally.

Section 10.2. Employees.

The provisions of Section 10.1 will not apply to an employee of the Association when they are negotiating their compensation or the terms of their employment.

Section 10.3. Enforcement.

(a) The Board will determine, by a majority vote on the basis of all facts, whether a conflict of interest exists with respect to an Association decision. If the Board determines that a conflict exists, the Board may (by majority vote) refer the matter under discussion to a special committee of the Board, of which the Association official with the conflict of interest is not a Member.

(b) If an Association Director is found by the Board to have violated this Article X by making, participating or attempting to use their position to influence an Association decision, the Board may commence either a recall election by the Members or an action in the superior court to have the Director removed. If an Association officer (who is not a Director) is found by the Board to have violated this Article X by making, participating or attempting to use their position to influence an Association decision, the Board may remove the Officer from office.

ARTICLE XI: ASSOCIATION FINANCES, RECORDS AND BOOKS.

Section 11.1. Association Financial Records.

All Association books of account will be maintained in accordance with generally accepted accounting principles.

Section 11.2. Budgets and Financial Statements.

The following financial statements and related information for the Association will be regularly prepared and copies thereof will be distributed to each Member of the Association pursuant to the provisions of Civil Code Section 5300, et seq. or comparable superseding statute:

(a) Budget.

A pro forma operating budget for each fiscal year (or a summary of the pro forma operating budget with a written notice of the location where the full pro forma operating budget is available for Member review pursuant to Civil Code Section 5300(b) or comparable superseding statute);

(b) Year-End Audit or Review.

A year-end audit or review of the Association's finances will be performed by a licensee of the California State Board of Accountancy for any year in which an audit or review is required by Civil Code Section 5305 or comparable superseding statute. The year-end audit or review will consist of at least the following items: (i) A balance sheet as of the end of the fiscal year; (ii) An operating (income) statement for the just ended fiscal year; (iii) A statement of changes in financial position for the just ended fiscal year; (iv) A statement advising Members of the place where the names and addresses of the current Members are located; and (v) Any information required to be reported under Corporations Code section 8322 requiring the disclosure of certain transactions in excess of \$50,000 per year between the Association and any Director or Officer of the Association and indemnifications and advances to Officers or Directors in excess of ten thousand dollars (\$10,000.00) per year;

(c) Annual Statement Regarding Delinquency/Foreclosure Policy.

A statement setting forth the Association's policies and practices in enforcing its remedies against Members for defaults in the payment of Assessments and/or violations of Governing Documents; and

(d) Annual Summary of Association's Insurance Coverage.

A summary of the Association's property, general liability, earthquake and flood and other insurance policies, if any. The Association's disclosure obligations may be satisfied by distributing to the Members a copy of the policy declaration page, if that page presents the information specified above.

Section 11.3. Required Reserve Studies and Inspections.

The Board will also comply with the reserve study and inspection requirements specified in Civil Code Section 5550 or comparable superseding statute as long as the statute remains in force.

Section 11.4. Contracts.

The Board may authorize any officer to enter into any contract in the name of, or on behalf of, the Association (pursuant to the Board's authority to enter into contracts as set forth Section 4.5(a) of the Declaration). Unless expressly authorized by resolution of the Board, no Officer will have any power or authority to bind the Association by any contract or agreement, or to pledge the credit of the Association, or to render the Association liable for any purpose and/or on any account.

Section 11.5. Record Keeping.

The Board will keep or cause to be kept all Association books, records and papers, including all Governing Documents.

Section 11.6. Fiscal Year.

The Association's fiscal year will be as determined by resolution of the Board.

ARTICLE XII: INSPECTION.

Section 12.1. Member's Rights to Inspect.

(a) Member's Inspection Rights.

Accounting books and records subject to Member inspection under Corporations Code Sections 8310, et seq., and minutes of proceedings of the Members, the Board and/or committees of the Board will be made available for inspection by any Member (or the Member's duly appointed representative) at any reasonable time. A Member's rights of inspection will be exercisable on five (5) business days written demand served upon the Association. All Member demands will state the purpose for which the Member is requesting inspection rights.

A Member's inspection rights arise, if and only if, the Member's purpose is reasonably related to their interests as a Member of the Association. Where the Association reasonably believes that the information will be used for a purpose not reasonably related to the Member's interests, the Association may deny the Member access or, within ten (10) days of receipt of the Member's written demand, offer a reasonable alternative to inspection.

The Association's Governing Documents will also be available for inspection by any Member. Copies of any of the Association's Governing Documents will be available for purchase from the Association at the Association's cost.

(b) Minutes of Meetings.

As more particularly set forth in Section 7.8(b), above, Members have a right, upon request and payment of copying and distribution costs, to copies of Association minutes (or draft minutes or minute summaries) for Member and/or Board meetings.

Section 12.2. Director's Rights to Inspect.

Every Director will have an absolute right to, at any reasonable time, inspect all Association books, records, documents, and minutes and/or the Association's physical property. The right of inspection by a Director includes the right to make extracts and copies of documents.

Section 12.3. Adoption of Reasonable Inspection Rules.

The Board may establish reasonable Rules with respect to (i) necessary notice to be given in order to request 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 any Member.

ARTICLE XIII: AMENDMENTS.

Section 13.1. Amendment of Bylaws.

(a) Amendment by Board of Directors.

The Board may, by a vote of a majority of all Directors, adopt amendments to these Bylaws when an amendment is needed to conform a particular provision or provisions of these Bylaws to changes in applicable California State law when the changes in applicable California State law are mandatory and nondiscretionary in nature.

Before entertaining a motion to approve any such amendment(s), the Board will receive a written opinion from the Association's legal counsel confirming that (1) a change or changes in California law necessitates a corresponding amendment to the Association's Bylaws to make the affected Bylaw provision(s) an accurate statement of current underlying California law and (2) the Association is bound by law to observe the change or changes in California law.

(b) Amendment by the Members.

Except as provided in subsection (a), above, these Bylaws may be adopted, amended, or repealed only by the affirmative vote (either at a Member meeting or by written ballot pursuant to Section 4.6, above) of Members representing at least fifty-one percent (51%) all Members in Good Standing.

Section 13.2. Effective Date.

Any amendment to these Bylaws will become effective immediately upon approval by the Members.

ARTICLE XIV: GENERAL PROVISIONS.

Section 14.1. Manager.

The Board may, from time to time, employ the services of a manager (or management company) to manage the affairs of the 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 Declaration, provided that the manager will at all times remain subject to the general control of the Board.

Section 14.2. Notice Requirements.

Any notice or other document permitted or required to be delivered as provided herein may be delivered pursuant to the terms and provisions of Article XV of the Declaration.

Section 14.3. 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 (Corporations Code Sections 7110 et seq.) and the Davis-Stirling Act (Civil Code Sections 4000, et seq.) will govern the construction of these Bylaws.

All provisions of these Bylaws will be liberally construed together to promote and effectuate the fundamental concepts of this Association.

Failure to enforce any provision of the Governing Documents will not constitute a waiver of the right to enforce that provision subsequently.

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 will not affect the interpretation or application of any of the terms or provisions contained herein.

Section 14.4. Conflicts with other Documents.

In the case of any conflict between the Articles and these Bylaws, the Articles will control. In the case of any conflict between the Declaration and these Bylaws, the Declaration will control. In the case of any conflict between other Governing Documents and these Bylaws, the Bylaws will control.

Section 14.5. State Law; Severability.

Notwithstanding the provisions of Section 14.3, above, these Bylaws will be deemed independent and severable. The invalidity or partial invalidity of any provision of these Bylaws will not affect the validity or enforceability of any other provision of these Bylaws which will remain in full force and effect.

In case any of the Bylaws conflicts with any provisions of the laws of the State of California, such conflicting Bylaws will be null and void upon a court determination to such effect. All other Bylaws will remain in full force and effect.

CERTIFICATE OF SECRETARY

The undersigned duly elected and acting Secretary of the mutual benefit nonprofit corporation, known as Regency Place Owners Association, does hereby certify that the above and foregoing Bylaws were duly adopted by vote of at least a majority of the Members of the Association and that the same does now constitute the Second Restated Bylaws of Regency Place Owners Association.

Regency Place Owners Association

Dated: _____

By: _____, Secretary

