

**FIRST RESTATED BYLAWS
OF
WOODGATE GLEN OWNERS ASSOCIATION**

Table of Contents

Article I	Name and Location	1
Section 1	Name of Association.....	1
Section 2	Location of Principal Office	1
Section 3	Nonprofit Association.....	1
Section 4	Specific Purpose.....	1
Article II	Definitions.....	1
Article III	Membership	1
Section 1	Members of the Association	1
Section 2	Term of Membership	1
Section 3	Multiple Ownership of Lots.....	1
Section 4	Furnishing Evidence of Membership.....	2
Article IV	Membership Voting	2
Section 1	Single Class of Membership	2
Section 2	Member Voting Rights	2
Section 3	Eligibility to Vote.....	2
Section 4	Manner of Casting Votes	2
Section 5	Proxies	3
Section 6	Action by Written Ballot Without Meeting	4
Section 7	Majority Vote Required	5
Section 8	Action by Unanimous Written Consent	5
Article V	Membership Meeting	6
Section 1	Place of Meeting	6
Section 2	Annual Meeting	6
Section 3	Special Meetings.....	6
Section 4	Notice of Members' Meeting.....	6
Section 5	Quorum Requirements.....	7
Section 6	Adjourned Meeting	8
Section 7	Waiver of Notice or Consent	8
Section 8	Record Dates for Notice, Voting, Consent	9
Article VI	Board.....	10
Section 1	General Association Powers	10
Section 2	Number and Qualification of Directors	10
Section 3	Term of Office	10
Section 4	Nomination of Directors	10
Section 5	Election of Directors	10
Section 6	Vacancies on Board	11
Article VII	Board Meetings	12
Section 1	Place of Meetings.....	12
Section 2	Annual Meeting of Board	12
Section 3	Other Regular Meetings of Board	12
Section 4	Special Meetings of Board.....	12
Section 5	Attendance by Members	12
Section 6	Quorum Requirements	13

Table of Contents

Section 7	Waiver of Notice	13
Section 8	Adjournment	14
Section 9	Action Without Meeting	14
Section 10	Compensation	14
Article VIII	Duties and Powers of Board.....	14
Section 1	Specific Powers.....	14
Section 2	Limitations on Powers	16
Article IX	Committees	16
Section 1	Committees of Directors	16
Section 2	Meetings and Actions of Committees.....	16
Section 3	Effect of Committee Actions	17
Article X	Officers	17
Section 1	Officers	17
Section 2	Election of Officers.....	17
Section 3	Subordinate Officers	17
Section 4	Removal of Officers.....	17
Section 5	Resignation of Officers	17
Section 6	Vacancies	17
Section 7	President.....	17
Section 8	Vice President	18
Section 9	Secretary.....	18
Section 10	Chief Financial Officer	18
Article XI	Assessments, Finances, and Documents	18
Section 1	Description of Assessments	18
Section 2	Checks.....	18
Section 3	Operating Account	18
Section 4	Other Accounts	19
Section 5	Distribution of Documents.....	19
Section 6	Review of Accounts.....	20
Section 7	Required Reserve Studies	20
Article XII	Miscellaneous	21
Section 1	Inspection of Books and Records.....	21
Section 2	General Manager.....	21
Section 3	Robert's Rules of Order.....	21
Section 4	Amendment or Repeal of Bylaws	21
Section 5	Notice Requirements.....	22
Section 6	Indemnification	22
Section 7	Construction and Definitions	23
Certificate of Secretary		23

**FIRST RESTATED BYLAWS
OF
WOODGATE GLEN OWNERS ASSOCIATION**

**ARTICLE I
NAME AND LOCATION**

Section 1. Name of Association. The name of this corporation is Woodgate Glen Owners Association.

Section 2. Location of Principal Office. The principal office of the Association shall be located at such place in Sonoma County as the Board may from time to time designate by resolution.

Section 3. Nonprofit Association. The Association has been formed pursuant to the California Nonprofit Mutual Benefit Corporation Law (Corporations Code sections 7110-8970) as a nonprofit mutual benefit corporation.

Section 4. Specific Purpose. The specific and primary purpose of the Association shall be to own, repair, maintain, and manage the Common Area and Common Facilities within that certain planned unit development located in the City of Santa Rosa, County of Sonoma, State of California, and commonly referred to as Woodgate Glen, to enforce the Rules and Regulations adopted by the Board, from time to time, and the terms and conditions of the Declaration and otherwise to enhance and promote the use and enjoyment of the Common Area and Common Facilities by the Owners.

**ARTICLE II
DEFINITIONS**

Unless the context indicates a contrary intention, the terms used in these Bylaws shall have the meanings specified in Article I of the First Restated Declaration of Covenants, Conditions and Restrictions of Woodgate Glen, a Planned Unit Development, recorded on August __, 2002, as Document No. _____, Official Records of Sonoma County, which terms are fully incorporated into these Bylaws by this reference. All article and section numbers referenced in these Bylaws shall refer to the articles and sections within these Bylaws unless otherwise specified.

**ARTICLE III
MEMBERSHIP**

Section 1. Members of the Association. Every Owner of a Lot is a Member of the Association. Membership in the Association is appurtenant to, and may not be separated from, ownership of any Lot.

Section 2. Term of Membership. Each Owner who is a Member shall remain a Member until he or she no longer qualifies as such under article III, section 1. Upon the sale, conveyance or other transfer of an Owner's interest in a Lot, the Owner's membership interest appurtenant to the Lot shall transfer automatically to the new Owner of the Lot.

Section 3. Multiple Ownership of Lots. Ownership of a Lot shall give rise to a single membership vote in the Association. Accordingly, if more than one person owns a Lot, all of those persons shall be deemed to be one Member for voting purposes, although all such Owners shall have equal rights as Members to use and enjoy the Common Area and Common Facilities. The Secretary of the Association shall be 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 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, provided that if the multiple Owners of a Lot attempt to vote the membership attributable to said 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 vote pertaining to the Lot.

Section 4. 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 article III, section 1, and, if requested by the Secretary, has provided the Secretary with evidence of such qualification in the form of a certified copy of a recorded grant deed or a currently effective policy of title insurance. 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 article V, section 8.

ARTICLE IV MEMBERSHIP VOTING

Section 1. Single Class of Membership. The Association shall have one class of voting membership.

Section 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 shall be entitled to cast one vote for each Lot owned by such Member. Single memberships in which two or more persons have an indivisible interest shall be voted as provided in article III, section 3.

Section 3. Eligibility To Vote. Only Members in good standing shall be entitled to vote on any issue or matter presented to the Members for approval, and all such Members shall be collectively referred to in these Bylaws as the "voting power of Members" at the time of such vote. 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. A Member's good standing shall be determined as of the record date established in accordance with article V, section 8. The Association shall not be obligated to conduct a hearing in order to suspend a Member's voting privileges on the basis of the nonpayment of assessments, although a delinquent Member shall be entitled to request a hearing in accordance with the Declaration.

Section 4. Manner of Casting Votes.

(a) Voting at Membership Meetings. Voting at any membership meeting may be by voice or by ballot, provided that any election of Directors shall be conducted by secret ballot. The vote on any other issue 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 voting power 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 the election of Directors in accordance with article IV, section 6.

(c) Proxy Voting. Members otherwise eligible to vote at a meeting may do so in person or by proxy issued as provided in article IV, section 5.

(d) Cumulative Voting. Cumulative voting shall not be permitted.

Section 5. Proxies.

(a) Proxies Generally. Any Member entitled to vote may do so either in person or by one or more agents authorized by a written proxy signed by the Member and filed with the Secretary. 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 three years from the date of execution. Proxy forms shall be dated to assist in verifying their validity.

(b) Effectiveness of Proxies. Every proxy continues in full force and effect until revoked by the issuing Member prior to the vote pursuant thereto subject to the maximum term of a proxy set forth in subparagraph (a) of this section 5. Any proxy issued hereunder shall be revocable by the person executing such proxy at any time prior to the vote pursuant thereto, by (i) delivery to the Secretary of a written notice of revocation, (ii) a subsequent proxy executed by the Member executing the prior proxy and presented to the meeting, or (iii) as to any meeting, by attendance at such meeting and voting in person by the Member executing the proxy. The dates shown on the forms of proxy presumptively determine the order of execution, regardless of the postmarks shown on the envelopes in which they are mailed. A proxy shall be deemed revoked when the Secretary shall receive actual notice of the death or judicially declared incompetence of the Member issuing the proxy, or upon termination of such Member's status as an Owner of a Lot as provided in article III, section 1.

(c) Validity of Proxies With Respect to Certain Material Transactions. Any proxy given with respect to any of the matters described in this subparagraph (c) 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 Association and one or more of its Directors, or between the Association and a corporation, firm or association in which one or more of its Directors has a material financial interest;
- (iv) Amendment of the Articles, these Bylaws, or the Declaration;
- (v) Action to change any Association assessments;
- (vi) Sale, lease, exchange, transfer or other disposition of all or substantially all of the Association's assets otherwise than in the regular course of the Association's activities; and
- (vii) Voluntary dissolution of the Association.

(d) Limited Proxies.

(i) 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) If a proxy form issued in connection with the election of Directors lists the candidates' names and the proxy is marked by a Member "withhold" or otherwise marked in a manner indicating that the 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 or these Bylaws repealing, restricting, or expanding proxy rights may be adopted without approval by the affirmative vote of a majority of the voting power of Members 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 article IV, section 6.

(f) Proxy Rules for Memberships Held by More Than One Person. Where two or more persons represent one Member interest, the validity of any proxy with respect to the vote of such Member shall be determined by the Secretary in accordance with article III, section 3.

(g) No Proxy Voting in Connection With Written Ballots. Proxy voting shall not be allowed when Members' votes are solicited by written ballot pursuant to article IV, section 6.

(h) Revocation of Proxies. Any proxy issued hereunder shall be revocable by the Member executing such proxy at any time prior to the vote pursuant thereto, by (i) delivery to the Secretary of a written notice of revocation; or (ii) as to any meeting, by attendance at such meeting and voting in person by the Member executing the proxy. A proxy shall be deemed revoked when the Secretary receives actual notice of the death or judicially declared incompetence of the issuing Member, or upon termination of such Member's status as an Owner of a Lot as provided in article III, section 2.

Section 6. Action by Written Ballot Without Meeting.

(a) Definition of Written Ballot. A "written ballot" 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 6. The term "written ballot" does not include a ballot distributed to Members at a meeting for purposes of conducting a vote of the Members at such meeting.

(b) Written Ballots Generally. Any matter or issue requiring the vote of the Members, other than the election of Directors, may be submitted for vote 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 6 are met. The determination to seek Member approval for Association actions in this fashion shall be made by a majority vote of the Board. Once the determination is made to seek Member approval by written ballot, the Board shall establish a record date in accordance with article V, section 8(a)(iii) 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 (d) of this section 6.

(c) Content of Written Ballots. Any written ballot distributed to the Members shall set forth the proposed action and provide an opportunity 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 ballots must be received by the Association in order to be counted. All written ballots shall provide a reasonable time within which

to return the written ballot to the 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 ballots may be extended only if the Board so notifies the Members 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 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 quorum as specified in article V, section 5, 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. If the time for returning written ballots is extended in accordance with subparagraph (d) of this section 6, the reduced quorum percentage specified in article V, section 5(a)(iii) shall apply during the extension period(s).

(f) Solicitation Rules. Written ballots shall be solicited in a manner consistent with the requirements of article V, section 4, pertaining to issuance of notices of Members' meetings. All solicitations of written ballots 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 Association in order to be counted, and (iii) the percentage of affirmative votes necessary to approve the measure. If the period for the return of written ballots is extended under subparagraph (d) of this section 6, the Board shall be entitled to announce to the Members the aggregate votes for or against the proposal received as of the extension date.

(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 ballots, 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 ballots. If the number of written ballots cast is insufficient to satisfy the minimum quorum requirements, the Board shall so notify the Members.

(i) Revocation of Written Ballots. If a Member who has cast a written ballot desires to change his or her vote, the Member may do so provided he or she so notifies the Secretary in writing prior to close of the balloting period, including any extensions thereof, and casts a new ballot within the balloting period.

(j) Conduct of Informational Meetings. Use of the written ballot procedures provided herein shall not preclude the Association from also conducting informational meetings of the Members or from scheduling a meeting to coincide with the culmination of the balloting period.

Section 7. Majority Vote Required. If the number of written ballots cast is sufficient to satisfy the minimum quorum requirements, the affirmative vote of those ballots 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.

Section 8. Action by Unanimous Written Consent. Any action required or permitted to be taken by the Members at a meeting may be taken without a meeting (and without complying with the formalities of a written ballot) if all Members shall individually or collectively consent in writing to

the action. When an action is taken by written consent, the consent shall be filed with the Association's minutes.

ARTICLE V MEMBERSHIP MEETINGS

Section 1. Place of Meeting. Meeting of the Members shall be held at the offices of the Association within the Properties or at such other reasonable place within Sonoma County and at such time as may be designated by the Board in the notice of the meeting.

Section 2. Annual Meeting. The annual meeting of the Members shall be held in April of each year on such date and at such time and location as may be designated by the Board in the notice of the meeting.

Section 3. Special Meetings.

(a) Persons Entitled To Call Special Meetings. A majority of the Board, the President, or Members holding at least five percent of the voting power of Members may call special meetings of the Members at any time to consider any lawful business of the Association.

(b) Procedures for Calling Special Meetings Requested by Members. If a special meeting is called by Members other than the Board or President, the request shall be submitted by such Members in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the President, Vice President, or the 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 this section 3, that a meeting will be held, and the date, time, and purpose for such meeting, which date shall be not less than 35 nor more than 90 days following the receipt of the request. If notice of the meeting is not given within 20 days after receipt of the request, the persons requesting the meeting may give the notice. Nothing contained in this subsection 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 or the President.

Section 4. 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 who is eligible to vote at the meeting as of the record date for notice established in accordance with article V, section 8.

(b) Time Requirements for Notice. The notice of membership meetings shall be given in the manner specified in subparagraph (e) of this section 4, 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 days (nor more than 90 days) before the meeting.

(c) Minimum Requirements Regarding Content of Notice. The notice of any membership meeting shall specify the place, date, and hour of the meeting. In the case of a special meeting, the notice shall also state the general nature of the business to be transacted, and no other business may in that case be transacted at the special meeting. In the case of a regular meeting, the notice shall 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. 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.

(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 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;
- (iii) Amending the Articles, these Bylaws or the Declaration;
- (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; or
- (vi) Voting to voluntarily dissolve the 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 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 has been given, notice shall 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. 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 Association. Such affidavit shall constitute prima facie evidence of the giving of notice.

Section 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 by written ballot in accordance with article IV, section 6:

(i) Quorum for Votes on Assessment Increases and of Removal of Directors From Office. In the case of any membership meeting or written ballot called or conducted for the purpose of voting on assessment increases requiring membership approval as provided in the Declaration or the removal of any Director from office, the quorum requirement for valid action on the proposal shall be the percentage specified in Civil Code section 1366 or comparable superseding statute. The quorum percentage for such action is currently a majority of the Members. Currently, there are 224 Members, and therefore 113 Members would constitute a quorum for the purposes of this section.

(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 one-third of the voting power of Members. Currently, there are 224 Members, and therefore 75 Members would constitute a quorum for the purposes of this section.

(iii) Reduction in Quorum Percentage for Action on Other Matters. If the minimum quorum percentage specified in subparagraph (a)(ii) of this section 5 is not satisfied, the meeting may be adjourned to another time and/or place not more than 30 days after the initial meeting date. At the reconvened meeting, the quorum percentage shall be reduced to one-quarter of the voting power of Members. Currently, there are 224 Members, and therefore 56 Members would constitute a quorum for the purposes of this section.

(b) Members Represented by Proxy. Members present at a membership meeting in person or by proxy shall 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. 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.

Section 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 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 that 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 in accordance with article V, section 8, 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 7. Waiver of Notice or Consent.

(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 article V, section 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 shall 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 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 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 article V, section 4(d), if that objection is expressly made at the meeting.

Section 8. Record Dates for Member Notice, Voting, Consent.

(a) Record Dates Established by the Board. For the purpose of determining which Members are entitled to receive notice of any meeting, vote, act by written ballot without a meeting, or exercise any rights in respect to any other lawful action, the Board 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 Association after the record date, except as otherwise provided in the California Nonprofit Mutual Benefit Corporation Law or by agreement. The record dates established by the Board pursuant to this section shall be as follows:

(i) Record Date for Notice of Meetings. In the case of determining those Members entitled to notice of a meeting, the record date shall be no more than 90 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 be no 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 ballots, the record date shall be no 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, the record date shall be no 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 of Members 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 of Members 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 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 any other lawful action 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 action, whichever is later.

(v) "Record Date" Means as of Close of Business. For purposes of this subparagraph (b) 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

Section 1. General Association Powers. Subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, the Davis-Stirling Common Interest Development Act (Civil Code sections 1350-1373) and any limitations in any of the Governing Documents relating to action required to be approved by the Members, the business and affairs of the Association shall be vested in and exercised by the Association's Board. Subject to the limitations expressed in article IX, section 1, 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 shall continue to be managed and all Association powers shall continue to be exercised under the ultimate direction of the Board.

Section 2. Number and Qualification of Directors. The Board shall consist of five persons, each of whom shall be and remain at all times Members of the Association in good standing with payments of assessments current. Only one Owner per Lot shall be eligible to serve on the Board at any one time.

Section 3. Term of Office. The Directors shall serve for a term of two years with three (3) Directors being elected in odd-numbered years and two (2) Directors being elected in even-numbered years. There shall be no limitation upon the number of consecutive terms to which a Director may be reelected. 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 a successor has been elected and qualified.

Section 4. Nomination of Directors. Only a Member who is certified by the Secretary as being in good standing at the time his or her name is placed in nomination and as of the election date can become and remain a candidate for election to the Board. 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. Nominations can be made 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 held by Directors whose terms of office are then expiring. The nominating committee shall consist of a chairperson who shall be a Director, and two or more Members of the Association who may or may not be Directors. 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 meeting required by article V, section 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 names in nomination.

Section 5. Election of Directors.

(a) Directors Elected at Annual Meeting. At each annual meeting of the Members, the Members present in person or by proxy shall elect persons to those positions on the Board held by Directors whose terms are then expiring. The persons thus elected shall be selected from among those persons nominated pursuant to this article VI, section 4; 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 of the Members held for that purpose.

(b) Determination of Election Results and Succession to Office. The candidates receiving the highest number of votes, up to the number of Directors to be elected, shall be elected as Directors and shall take office immediately. 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 lot.

Section 6. Vacancies on Board.

(a) Vacancies Generally. A vacancy or vacancies in the Board shall be deemed to exist on the occurrence of any of the following: (i) the death, resignation, or removal of a Director under subparagraphs (c) and (d) of this section 6; (ii) an increase of the authorized number of Directors; or (iii) the failure of the Members, at a 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 paragraph, any Director may resign, and such resignation shall 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 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; (iii) has 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) fails to meet the requirement of good standing as set forth in Section 4 of this Article within ten (10) days of the Board giving written notice to him or her to do so; or (v) fails to attend three consecutive regular meetings of the Board that have been duly noticed in accordance with law.

(d) Authority of Members to Remove Directors. Except as otherwise provided in subparagraph (c) of this article VII, section 6, a Director may be removed from office prior to expiration of his or her term only by the affirmative vote of a majority of the voting power of the Members represented in person or by proxy at a duly held meeting of the members at which a quorum is present.

(e) Filling Vacancies. Vacancies on the Board shall be filled by a majority vote of the remaining Directors 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 the affirmative vote of a majority of the voting power of Members represented in person or by proxy at a duly held meeting of the Members at which a quorum is present. The Members may elect a Director or

Directors at any time to fill any vacancy or vacancies not filled by the Directors by the affirmative vote of a majority of the voting power of Members at a duly held meeting of the Members.

(f) Reduction in Number of Directors. No reduction of the authorized number of Directors shall have the effect of removing a Director before that Director's term of office expires.

ARTICLE VII BOARD MEETINGS

Section 1. Place of Meetings. Meetings of the Board shall be held at the offices of the Association within the Properties or at such other reasonable place within Sonoma County and at such time as may be designated by the Board in the notice of meeting.

Section 2. Annual Meeting of Board. Immediately following each annual meeting of Members, the Board shall hold a regular meeting for the purposes of organization, election of officers, and the transaction of other business; provided, however, that the election of officers shall be in accordance with Article X, Section 2 of these Bylaws. Notice of this meeting shall not be required.

Section 3. Other Regular Meetings of Board. 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 and communicated to the Directors. Ordinarily, regular meetings shall be conducted monthly. However, regular meetings can be held as infrequently as every six months if the business of the Board does not justify more frequent meetings. Notice of the time and place of the regular meetings of the Board shall be communicated to each Director not less than 72 hours prior to the meeting; provided, that notice shall be deemed to have been given to any Director who has signed a written waiver of notice or consent to hold the meeting as more particularly provided in this article VIII, section 7.

Section 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 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 given to each Director by one of the following methods: (A) by personal delivery of written notice; (B) by first-class mail, postage prepaid; (C) by telephone 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 Association. Notwithstanding the foregoing, notice of a 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 article VII, section 7.

(ii) Time Requirements. Notices sent by first-class mail shall be deposited in 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 of the meeting.

Section 5. Attendance by Members.

(a) Open Meetings. With the exception of executive sessions of the Board as provided in subparagraph (b) of this section 5, Board meetings shall be open to Members and Members shall be permitted to speak at Board and Association meetings. A reasonable time limit for Members to speak to the Board or before an Association meeting shall be established by the Board.

(b) Executive Sessions. The Board, on the affirmative vote of a majority of the Directors present at a meeting at which a quorum is present, shall be entitled to adjourn at any time for purposes of reconvening in executive session to discuss and take action on any of the following matters: (i) litigation in which the Association is or may become a party; (ii) matters relating to the formation of contracts with third parties; (iii) personnel matters; or (iv) discipline of Member(s). The Board shall adjourn and reconvene in executive session if requested by a Member who may be subject to a fine, penalty, or other form of discipline, and that Member shall be entitled to attend the executive session. Any matter discussed in executive session shall be generally noted in the minutes of the Board. Before adjourning into executive session, the topic(s) to be discussed in such session shall be announced, in general terms, to the Members in attendance at the meeting. Nothing provided herein shall be construed to obligate the Board to first call an open meeting before meeting in executive session with respect to the matters described above.

(c) Board Meeting Minutes. The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the Board other than an executive session, shall be available to the Members within 30 days following the meeting. The minutes, proposed minutes, or summary of the minutes, shall be distributed to any Member on request and on reimbursement of the Association's costs of making that distribution. Members shall be notified in writing at the time that the pro forma budget required by article XI, section 5(a), is distributed, or at the time of any general mailing to the entire membership of the Association, of the Members' right to have copies of the minutes of any Board meeting and how and where those minutes may be obtained.

(d) Members' Right to Notice of Meetings. Unless the time and place of a meeting is fixed in these Bylaws, or unless these Bylaws provide for a longer period of notice, the Members shall be given notice of the time and place of Board meetings, except for emergency meetings at least four days before the date of the meeting. This notice may be given by posting the notice in a prominent place or places within the Common Area, by mail or delivery of the notice to each Member, or by newsletter or similar means of communication.

(e) Definitions of terms Meeting and Emergency Meeting. For purposes of this section 5, the term "meeting" includes any congregation of a majority of the Directors at the same time and place to hear, discuss, or deliberate on any item of business scheduled to be heard by the Board, except those matters that may be discussed in executive session. For purposes of this section 5, the term "emergency meeting" means a meeting called by the President or by any two Directors other than the President under circumstances that could not have been reasonably foreseen that require immediate attention and possible action by the Board and that of necessity make it impracticable to provide notice to the Members in accordance with this section 5.

Section 6. 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 this article VII, section 8. 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, subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, especially those provisions relating to (a) approval of contracts or transactions in which a Director has a direct or indirect material financial interest, (b) appointment of committees, and (c) 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 these Bylaws, by the Articles, or by law.

Section 7. Waiver of Notice. Subject to any Member notice requirements of this article VII, section 5(d), any action taken at any meeting of the Board, 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 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 8. 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.

Section 9. Action Without Meeting. Subject to any Member notice requirements of this article VII, section 5(d), any action required or permitted to be taken by the Board may be taken without a meeting, if all Directors, 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. Such written consents shall be filed with the minutes of the proceedings of the Board and shall have the same force and effect as a unanimous vote of the Board.

Section 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 as may be determined by resolution of the Board 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 1. Specific Powers. Without limiting the general powers of the Board set forth in article VI, section 1, 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 Association, any general manager of the Association, and all other Association employees; prescribe any powers and duties for such persons that are consistent with law, the Articles, and these Bylaws; and fix their compensation.

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

(d) Adopt and establish Rules and Regulations subject to the provisions of the Declaration, governing the use of the Common Area and the Common Facilities within the

Properties, 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 the Common Area or Common Facilities; provided notice and a hearing are provided as more particularly set forth in the 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 Lots, Common Area and Common Facilities within the Properties.

(f) Contract for and pay premiums for fire, casualty, liability, and other insurance and bonds (including indemnity bonds) that may be required from time to time by the 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 Common Area and other portions of the Properties which the Association is obligated to maintain.

(h) Pay all taxes, special assessments and other assessments, and charges that are or would become a lien on any portion of the Common Area.

(i) Contract for and pay for construction or reconstruction of any portion or portions of the Properties that have been damaged or destroyed and that are to be rebuilt by the Association.

(j) Delegate its duties and powers hereunder to the officers of the Association or to committees established by the Board subject to limitations expressed in article IX, section 1.

(k) Levy and collect Assessments from the Members of the Association in accordance with the Declaration and establish and collect reasonable use charges for any of 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 Declaration.

(m) Prepare budgets and maintain a full set of books and records showing the financial condition of the affairs of the 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 article XI, section 5.

(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, as described in article VI, section 4.

(o) Appoint such other committees as it shall deem necessary from time to time in connection with the affairs of the Association in accordance with article IX, including members of the architectural committee described and constituted in accordance with the Declaration.

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

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

(r) Bring and defend actions on behalf of more than one Member or the Association to protect the interests of the Members or the Association, as such, as long as the action is pertinent to the operations of the Association, and assess the Members for the cost of such litigation, provided, however that any disciplinary action against a Member shall be subject to the hearing and procedural requirements set forth in the Declaration;

(s) Enter Residences as necessary, subject to the notice requirements of the Declaration, in connection with construction, maintenance, or emergency repairs for the benefit of the Common Area, Common Facilities or the Owners.

Section 2. Limitations on Powers. Without the vote or written assent of a majority of the voting power of the Members, the Board 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 Area or the 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 in which the rates charged for materials or services are regulated by the Public Utilities Commission, provided that the term of the contract may 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' duration, provided that the policies provide for short-rate cancellation by the insured; (iv) lease agreements for laundry room fixtures and equipment not to exceed five years' duration; (v) agreements for cable television services and equipment or satellite dish television services and equipment not to exceed five years' duration; or (vi) agreements for sale or lease of burglar alarm and fire alarm equipment, installation and services not to exceed five years' duration.

(b) Incur aggregate expenditures for capital improvements to the Common Areas in any fiscal year in excess of 5 percent of the budgeted gross expenses of the Association for that fiscal year, provided, however, that this limitation shall 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 Association having an aggregate fair market value greater than 5 percent of the budgeted gross expenses of the Association for that year, provided, however, that this limitation shall not apply to the sale or other disposition of Lots acquired by the Association in foreclosure proceedings.

(d) Pay compensation to Directors or Officers of the Association; provided that Directors and Officers may be reimbursed for reasonable out-of-pocket expenses, verified in writing, incurred in the discharge of their duties.

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

(f) Any action to impose a special assessment or to increase the regular assessment under circumstances requiring Member approval under the Declaration.

(g) Any action to amend these Bylaws, the Articles, or the Declaration, except for any amendments permitted by Board action alone pursuant to Article XII, section 4(b).

ARTICLE IX COMMITTEES

Section 1. Committees of Directors. In addition to the nominating committee appointed and constituted pursuant to article VI, section 4(a) and the Architectural Committee appointed and

constituted pursuant to the 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, and to report to, the Board.

Section 2. 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, concerning meetings of Directors, with such changes in the context of those Bylaws 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 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. Minutes shall be kept of each meeting of any committee and shall 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 3. Effect of Committee Actions. Unless otherwise expressly provided in the Governing Documents or in the Board resolution authorizing and empowering a committee, all actions of any committee shall be considered advisory to the Board and shall be scheduled on the agenda of the Board meeting next following the committee's action or decision for affirmation, rescission, or modification, as the Board in its discretion deems appropriate.

ARTICLE X OFFICERS

Section 1. Officers. The officers of the Association shall be a President, a Vice President, a Secretary and a Chief Financial Officer. The Association may also have, at the discretion of the Board, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be appointed in accordance with the provisions of section 3. One person may hold two or more offices, except that neither the Secretary nor the Chief Financial Officer may serve concurrently as President.

Section 2. Election of Officers. The officers of the Association, except such officers as may be appointed in accordance with the provisions of section 3, shall be chosen annually by majority vote of the Board immediately following the election of Directors at the annual meeting of the Members, and prior to any further business being conducted at such meeting, 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 3. Subordinate Officers. The Board may appoint, and may empower the President to appoint, such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws and as the Board may from time to time determine.

Section 4. Removal of Officers. Any officer may be removed by the Board with or without cause, at any regular or special meeting.

Section 5. Resignation of Officers. Any officer may resign at any time by giving written notice to the Board, or to the President, or to the Secretary. Any such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, acceptance of such resignation shall 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 6. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to such office.

Section 7. President. The President shall be elected by the Board from among the Directors. He or she shall be the Chief Executive Officer of the Association and shall, subject to the control of the Board, have general supervision, direction and control of the affairs and Officers of the 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 these Bylaws.

Section 8. Vice President. The 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 these Bylaws.

Section 9. Secretary. The 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 regular or special, and if special, how authorized, the notice thereof given, the names of those present at Board 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, together with their addresses. He or she shall give, or cause to be given, notice of all meetings of the Board required by these Bylaws or by law, and he or she shall keep the seal of the Association, if any, in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board or by these Bylaws.

Section 10. Chief Financial Officer. The Chief Financial Officer shall be elected by the Board from among the Directors. The Chief Financial Officer, who shall be known as the Treasurer, shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The books and records shall at all reasonable times be open to inspection by any Director or Member. The Treasurer shall deposit all monies and other valuables in the name and to the credit of the Association with such depositaries as may be designated by the Board. He or she shall disburse the funds of the Association as may be ordered by the Board, shall render to the President and Directors, whenever they request it, an account of all of his or her transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws. If required by the Board, the Treasurer shall 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 his or her office and for restoration to the Association of all its books, papers, vouchers, money, and other property of every kind in his or her possession or under his or her control on his or her death, resignation, retirement, or removal from office.

ARTICLE XI ASSESSMENTS, FINANCES AND DOCUMENTS

Section 1. Description of Assessments. Owners of Lots are subject to Annual, Special, and Special Individual Assessments as described in the Declaration.

Section 2. Checks. All checks or demands for money and notes of the Association shall be signed by the President and Treasurer, or by such other officer(s) or such other person(s) as the Board may from time to time designate. Notwithstanding the foregoing, any withdrawal of funds from Association reserve accounts shall require the signature of two Directors or an officer (who is not also a Director) and a Director.

Section 3. Operating Account. There shall be established and maintained a cash deposit account to be known as the "Operating Account" into which shall be deposited the operating portion of all Regular and Special Assessments as fixed and determined for all Members. Disbursements from such account shall be for the general need of the operation including, but not limited to, wages, repairs, maintenance, and other operating expenses of the Properties.

Section 4. Other Accounts. The Board shall maintain any other accounts it shall deem necessary to carry out its purposes, including reserve accounts for replacement of capital improvements as set forth in the Declaration. All Association books of account shall be maintained in accordance with generally accepted accounting principles.

Section 5. Distribution of Documents. The Association shall prepare and distribute to all Members the following documents:

(a) Operating Budget. A copy of the Association's pro forma operating budget, which shall be annually distributed not less than 45 days nor more than 60 days prior to the beginning of the Association's fiscal year. The Association's budget shall include the Association's estimated revenue and expenses on an accrual basis and a summary of the Association's reserves based upon the most recent review or study conducted under this article XI, section 7, and Civil Code §1365.5, or comparable superseding statute.

In lieu of distributing copies of the Association's budget, the Board may distribute a summary of the budget to the Members with a written notice that the budget is available at the business office of the Association or at another suitable location within the Properties and that copies will be provided to Members upon request and at the Association's expense. If any Member requests that a copy of the budget be mailed to the Member, the Association shall provide the copy to the Member by first-class mail at the expense of the Association and delivered within five days. The written notice required by this paragraph shall be in at least 10-point boldface type on the front page of the summary of the budget.

(b) Financial Statement. A copy of the Association's annual financial statement, which shall be distributed annually within 120 days after the close of the Association's fiscal year, and which shall include all of the following:

- (i) A balance sheet as of end of the fiscal year;
- (ii) An operating 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 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 and indemnifications and advances to Officers or Directors in excess of \$10,000 per year.

(c) Review of Financial Statement. A copy of the review of financial statement of the Association, which 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 Association exceeds \$75,000, and which shall be annually distributed within 120 days after the close of the Association's fiscal year.

(d) Delinquency/Foreclosure Policy Statement. A statement describing the Association's policies and practices in enforcing lien rights or other legal remedies for default in payment of its assessments, which shall be annually distributed during the 60-day period immediately preceding the beginning of each fiscal year.

(e) Schedule of Monetary Penalties. If the Association adopts a policy imposing any monetary penalty, including any fee, on any Member for a violation of the Governing Documents or the rules of the Association, including any monetary penalty relating to the activities of any guest or invitee of a Member, then upon such adoption or any changes thereto, the Board shall adopt and distribute to each Member, by personal delivery or first-class mail, a schedule of the monetary penalties that may be assessed for those violations, which shall be in accordance with authorization for member discipline contained in the Governing Documents.

(f) Insurance Policies Summaries. A summary of the Association's property, general liability, and earthquake and flood insurance policies, if any, which shall be annually distributed not less than 60 days prior to the beginning of each fiscal year, and which shall include, for each such policy, the name of the insurer, the type of insurance, the policy limits of the insurance, and the amount of deductibles, if any. The Association shall, as soon as is reasonably practical, notify the Members by first-class mail if any of the foregoing policies have lapsed, been canceled, and are not immediately renewed, restored, or replaced, or if there is a significant change, such as reduction in coverage or limits or an increase in the deductible, for any of those policies. If the Association receives any notice of nonrenewal for any of the foregoing policies, the Association shall immediately notify the Members if replacement coverage will not be in effect by the date the existing coverage will lapse. To the extent that any of the information required to be disclosed pursuant to this section is specified in the insurance policy declaration page, the Association may meet its obligation to disclose that information by making copies of that page and distributing it to the Members together with the statement required by Civil Code Section 1365(e)(4) or comparable superseding statute.

Section 6. Review of Accounts. On no less than a quarterly basis, the Board shall:

- (a) Review a current reconciliation of the Association's operating accounts;
- (b) Review a current reconciliation of the Association's reserve accounts;
- (c) Review the current year's actual reserve revenues and expenses compared to the current year's budget;
- (d) Review the Association's latest account statements prepared by the financial institution(s) with whom the operating and reserve accounts are lodged; and
- (e) Review the Association's income and expense statement for the operating and reserve accounts.

To the extent one document provides the information required in more than one of the above listed items, any such requirements listed above may be satisfied by reviewing the same document.

Section 7. Required Reserve Studies. At least once every three years, the Board shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components which the Association is obligated to repair, replace, restore, or maintain as part of a study of the reserve account requirements of the Association if the current replacement value of the major components is equal to or greater than one-half of the gross budget of the Association for any fiscal year, excluding the Association's reserve account for that fiscal year. The Board shall review the foregoing reserve study on an annual basis as part of the budgeting process and shall consider and implement necessary adjustments to the Board's analysis of reserve account requirements as a result of that review. The reserve study required under this section shall be prepared in accordance with the requirements of Civil Code Section 1365.5 or comparable superseding statute.

ARTICLE XII MISCELLANEOUS

Section 1. 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 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 Association for any purpose reasonably related to the Member's interest as such. Member's rights of inspection shall be exercisable on ten days' written demand on the Association, which demand shall state the purpose for which the inspection rights are requested. In the case of the demands to inspect the Association's membership list, a Member's inspection rights shall be subject to the Association's right to offer a reasonable alternative to inspection within ten days after receiving the Member's written demand (as is more particularly set forth in Corporations Code sections 8330-8338).

(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 Association and the physical properties owned by the 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 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 2. General Manager. The Board may, from time to time, employ the services of a general manager 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 general manager any of the Association's day-to-day management and maintenance duties and powers under these Bylaws and the Declaration, provided that the general manager shall at all times remain subject to the general control of the Board.

Section 3. Robert's Rules of Order. In the event of a 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 4. Amendment or Repeal of Bylaws.

(a) Amendment of Repeal of Bylaws by Members. Except as otherwise expressly provided herein, these Bylaws may be amended or repealed, and new Bylaws adopted, only by the affirmative vote or assent by written ballot of a majority of the voting power of the Members. If any

provision of these Bylaws requires the vote of a larger proportion or all of the Members, such provisions may not be altered, amended, or repealed except by such greater vote, unless otherwise specifically provided herein. Any amendment to these Bylaws shall become effective immediately upon approval by the Members. The Secretary shall certify adoption of any duly approved amendment to these Bylaws and a copy of said certificate and the amendment shall be included in the Association's corporate records.

(b) Amendment of Bylaws by Board. The Board may 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 statutory law which are non-discretionary in nature. Before entertaining a motion to approve any such amendment(s), the Board shall receive a written opinion from the Association's legal counsel confirming that a change or changes in California statutory law necessitates a corresponding amendment to these Bylaws to make the affected Bylaw provision(s) an accurate statement of the underlying statutory requirement, which the Association is bound by law to observe.

Section 5. 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 Association or the Board, at the principal office of the 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 owned by such Member.

Section 6. Indemnification.

(a) Indemnification of Association. Each Owner shall be liable to the Association for any damage to the Common Area caused by the negligence or willful misconduct of the Owner or his or her family, guests, invitees or lessees, to the extent that the damage shall not be covered by insurance. Each Owner shall indemnify, hold harmless, and pay any costs of defense of each other Owner from claims for personal injury or property damage occurring on any Lot or within any Residence owned by the indemnitor, provided that this protection shall not extend to any indemnitee whose negligence or willful misconduct caused or contributed to the injury or damage. This section is not intended to be for the benefit of any insurer and shall not affect nor limit the duty of any insurer to pay any claim which would be payable by said insurer but for this section.

(b) Indemnification by Association of Directors, Officers Employees, and Other Agents. To the fullest extent permitted by law, the Association shall indemnify its Directors, officers, employees, and other agents described in 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 Association, by reason of the fact that such person is or was a Director, officer, or a person described by that section. The term "expenses" as used in this section, shall have the same meaning as in Corporations Code section 7237(a).

(c) Approval of Indemnity by Association. On written request to the Board by any person seeking indemnification hereunder, the Board shall promptly determine in accordance with Corporations Code section 7237(e), whether the applicable standard of conduct set forth in Corporations Code 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 Corporations Code section 7237(e) whether the applicable standard of conduct set forth in Corporations Code 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.


(d) 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 Director, Officer, employee, or other agent seeking indemnification under paragraphs (b) and (c) of this section 6 in defending any proceeding covered by those sections shall be advanced by the Association before final disposition of the proceeding, on receipt by the 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 Association for those expenses.

(e) Insurance. The 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 other agent in such capacity or arising out of the Director's, officer's, employee's, or other agent's status as such.

Section 7. 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.

CERTIFICATE OF SECRETARY

The undersigned, Secretary of the Woodgate Glen Owners Association, a California nonprofit mutual benefit corporation, does hereby certify that the above and foregoing Bylaws consisting of 23 pages, including this page, were duly adopted by the Board of Directors of the Association on this ____ day of August, 2002, and that they constitute the Bylaws of this Association.

 8/21/02
Karl Byrn, Secretary