

**FIRST RESTATED BYLAWS
OF
LAKE ALMANOR COUNTRY CLUB**

**ARTICLE I
RECITALS AND DEFINITIONS**

Section 1.01. Name of Association. The name of this corporation shall be Lake Almanor Country Club and shall be referred to herein as the "Association."

Section 1.02. Association Is Nonprofit. The Association is formed pursuant to the California Nonprofit Mutual Benefit Corporation Law (Cal. Corp. Code, section 7110 et seq.) as a non-profit mutual benefit corporation, and is an "association", as defined by California Civil Code section 1351(a), created for the purpose of managing a common interest development..

Section 1.03. Specific Purposes. This corporation is a nonprofit mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Law of California. The principal purposes of the Association are: (i) to own, operate and maintain the Common Areas and Common Facilities within Lake Almanor Country Club, (ii) to administer the architectural review functions more particularly described in the development's recorded Declaration of Covenants, Conditions and Restrictions (the "Declaration"), and the LACC Rules and Regulations; and (iii) to enforce the land use and other covenants, conditions, and restrictions contained in the Declaration.

In furtherance of these specific purposes, this Association may engage in any lawful act or activity for which a corporation may be organized under such law. Such objectives and purposes for which this corporation is formed are pleasure, recreation and other nonprofit purposes, as more particularly described in Section Two of the Articles of Incorporation. Notwithstanding any other provision of the Articles of Incorporation or these Bylaws, this Association shall not engage in any activities or exercise any powers that are not in furtherance of the specific purposes of the Association.

Section 1.04. Definitions.

(a) County. "County" means the County of Plumas, State of California.

(b) Declaration. "Declaration" means the Second Restated Declaration of Covenants, Conditions and Restrictions for Lake Almanor Country Club, Recorded on May 1, 2002 as Instrument No. 2002-0004000, as such Declaration may from time to time be supplemented, amended or modified by a duly Recorded subsequent Declaration, or amendment thereto.

(c) Majority of a Quorum. "Majority of a Quorum" means the vote of a majority of the votes cast at a meeting or by written ballot when the number of Members attending the membership meeting or the number of ballots cast equals or exceeds the quorum requirement specified in Section 5.05, below. Any Member may be represented at a membership meeting by proxy (see Section 4.05, below).

(d) Lot. The term "Lot" shall mean any numbered and subdivided Lot designated on any duly recorded final subdivision or parcel map for any portion of the Development.

(e) Voting Power. "Voting Power" means those Members who are eligible to vote for the election of directors or with respect to any other matter, issue or proposal properly presented to the members for approval at the time any determination of Voting Power is made.

(f) Other Definitions Incorporated by Reference. The terms defined in the Declaration shall have the same meaning when used herein unless the context clearly indicates a contrary intention.

ARTICLE II LOCATION OF PRINCIPAL OFFICE

The principal office of the Association will be located at such place within the Development or the County as the Board may from time to time designate by resolution. Currently the office of the Association is: 501 Peninsula Drive, Lake Almanor, California 96137.

ARTICLE III MEMBERSHIP

Section 3.01. Members of the Association. Every Owner of a Lot within the Development shall be a Member of the Association. Membership in the Association is appurtenant to, and may not be separated from, ownership of any Lot.

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

Section 3.03. Effect of Multiple Ownership of Lots. Ownership of a Lot in the Development shall give rise to a single membership in the Association and each membership held by an Owner shall entitle the Member to one (1) vote on matters requiring the consent or approval of the Members. Accordingly, if more than one (1) person owns a Lot, all of said persons shall be deemed to be one (1) Member for voting purposes. Any one (1) of the multiple Owners shall be entitled to vote the membership and it shall be the obligation of multiple co-owners to advise the secretary of the Association of the identity of the Owner designated by his or her co-Owners as having the sole right to vote the membership on their behalf. The same notification must be given by an entity (such as a trust, partnership or corporation) that holds title to a Lot, designating one individual who is a partner, director or trustee of the entity Owner as the person who has the right to cast the vote that is appurtenant to the membership. If such notification does not occur and more than one (1) of the multiple Owners of a Lot attempts to vote the membership that is appurtenant to that Lot, the inspector of election that has been appointed pursuant to Section 7.05(e), below, shall be empowered to disqualify the vote of that membership. If one or more persons own more than a single Lot in Lake Almanor Country Club, such person or persons shall hold one membership for each Lot owned. The person who is designated as the Owner who has the right to cast the vote that is appurtenant to the Membership

shall also be the person who has the right to use and enjoy the recreational Common Facilities of the Association. However, the Association shall have the right to issue one additional non-voting Membership to another co-owner of a Lot upon application to, and acceptance by, the Board of Directors and the payment of fees, dues and assessments for each such additional Membership. Non-voting Memberships shall also be terminated upon the sale or conveyance of the Member's ownership interest in a Lot giving rise to the non-voting Membership privilege. The purposes of these restrictions on membership rights is to facilitate administration and tabulation of Member votes and to avoid an overburdening of Common Facilities.

Section 3.04. Furnishing Evidence of Membership. A person shall not be entitled to exercise the rights of a Member until such person has advised the secretary of the Association in writing that he or she is qualified to be a Member under Section 3.01, above, and, if requested by the secretary, has provided the secretary with evidence of such qualification in the form of a duly recorded grant deed to the Lot that gives rise to the membership or a currently effective policy of title insurance for that Lot. Exercise of membership rights shall be further subject to the rules regarding record dates for notice, voting and actions by written ballot and eligibility for voting set forth in Section 5.08, below.

ARTICLE IV MEMBERSHIP VOTING

Section 4.01. Single Class of Membership. The Association shall have a single class of membership comprised of those persons who are Owners of Lots in Lake Almanor Country Club.

Section 4.02. Voting Rights of Members. The voting privileges of Members shall be as provided herein. The tenants or lessees of a Residence within Lake Almanor Country Club shall have no voting or membership rights in the Association. Each Member who is in good standing, as defined in Section 4.03, below, shall have one (1) vote for each Lot that the Member owns. A Member who has sold his or her Lot to a contract purchaser under an agreement to purchase shall delegate to such contract purchaser, by proxy, his or her membership rights in the Association. However, the contract seller shall remain liable for any default in the payment of Assessments by the contract purchaser until title to the property sold shall be transferred to the purchaser.

Section 4.03. Eligibility to Vote; Definition of Good Standing. Only Members in good standing shall be entitled to vote at any membership meeting. 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 by the Association in accordance with Civil Code sections 1363(h), 1363.810-1363.840, or 1369.510-1369.580. In the event a Member is delinquent in the payment of Assessments and the Member has received the notice that is required by Civil Code section 1361367.1(a), the Member shall be deemed to not be in good standing without necessity of further hearings (although the delinquent Member shall have the right to request a meeting with the Board of Directors in accordance with Civil Code section 1367.1(c)(3). A Member's good standing shall be determined as of the record date established in accordance with Section 5.08, below. The record date for the annual membership meeting is June 1 of the year in which the meeting takes place.

Section 4.04. Manner of Casting Votes.

(a) Voting at Membership Meetings. Voting at any membership meeting may be by voice or by ballot; provided, however, that the voting in any election of directors or any other matter identified in subparagraph (e), below, shall be conducted by secret ballot that satisfies the requirements set forth in Section 7.05, below. 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 ten percent (10%) of the Members present at the meeting.

(b) Voting by Written Ballot. In addition to voting in person or by proxy at a meeting, Members' votes may be solicited by written ballot with respect to any issue in accordance with Section 4.06, below.

(c) Cumulative Voting Prohibited. Cumulative voting shall not be permitted in the election of directors.

(d) Use of Secret Ballot Voting. California Civil Code section 1363.03 requires the following actions requiring the vote or approval of the Members of the Association must be conducted by use of a secret ballot that meets the requirements of Section 7.05(c), (e), (g), (h) and (i), below:

- (i) any vote of the Members to approve an increase in the Regular Assessment or imposition of a Special Assessment where membership approval is required under Civil Code section 1366(b);
- (ii) any vote for the election or removal of directors;
- (iii) amendments to the Governing Documents; or
- (iv) the grant of exclusive use of Common Area property pursuant to Civil Code section 1363.07.

Except for the meeting conducted pursuant to Section 7.05(f), below, to count the votes cast in any election or vote that is subject to these secret ballot voting rules, a vote or election may be conducted entirely by mail.

Section 4.05. Proxies. The Association shall be authorized to distribute proxies to the Members in order to assist in achieving the minimum quorum required for membership meetings, however it is the policy and practice of the Association to conduct any vote of the members, including the election of directors, by use of the written ballot and secret ballot voting procedures set forth in Sections 4.06 and 7.05 of these Bylaws. In accordance with Civil Code section 1363.03(b) and Corporations Code section 7513(b) each written ballot received by the inspector of election shall be treated as a member present at a meeting for purposes of establishing a quorum. 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 contained on the forms of proxy presumptively determine the order of execution, regardless of the postmarks contained on the envelopes in which they are mailed. A proxy shall be deemed revoked when the secretary 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 Section 3.01, above.

Section 4.06. Action by Written Ballot Without a Meeting.

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

(b) Written Ballots, Generally. Any matter or issue requiring the vote of the Members, including 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 (and in Section 7.05 if the vote pertains to an issue that must comply with the secret ballot voting requirements of that Section) are met. The determination to seek Member approval for Association actions in this fashion shall be made by a majority vote of the Board of Directors.

Once the determination is made to seek Member approval by written ballot, the Board shall establish a record date (see Section 5.08(a)(iii), below) and distribute a written ballot to every Member entitled to vote on the matter by first-class mail or delivered by the Association to every Member not less than thirty (30) days prior to the deadline for voting.

(c) Content of Written Ballots. Any written ballot distributed to the Members to vote on any issue other than the election of directors shall set forth the proposed action and provide an opportunity to specify approval or disapproval of the proposal. Written ballots distributed for the election of directors shall list all candidates who are candidates for election to the Board as of the date when the written ballots are mailed or delivered to the Members and the written ballots shall comply with the secret ballot voting requirements of California Civil Code section 1363.03 by being prepared in a form that requires that the ballot, itself, not be signed by the voter or otherwise present any identification of the voter by name, Residence or Lot number or address.

The mailed ballots shall be accompanied by two (2) preaddressed envelopes with instructions on how to return the ballots by a stated deadline in order to be counted. Those instructions shall state, at a minimum, that the ballot itself is not to be signed by the voter, but rather is to be inserted into an envelope that is sealed. That sealed envelope shall then be inserted into a second envelope that is also sealed. In the upper left hand corner of the second envelope, the voter shall be instructed to print and sign his or her name, address, and Residence or Lot number that entitles him or her to vote in the election. This second (outside) envelope shall be addressed to the inspector or inspectors of election and the envelope may be mailed or delivered by hand to a location specified by the inspector or inspectors of election.

(d) Balloting Time Requirements. Written ballots shall be distributed to all eligible Members at least thirty (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 deadline for the return of written ballots distributed to conduct an election of directors shall be established to coincide with the date of the annual meeting of the Members.

Except in the case of written ballots distributed in the election of directors in accordance with this Section 4.06 and California Civil Code section 1363.03, the time fixed for the return of written ballots may only be extended if the Board so notifies the Members on the face of the ballot or in the balloting solicitation materials accompanying the ballot and then for no more than two (2) successive periods of thirty (30) days each.

(e) Requirements for Valid Member Action by Written Ballot. Membership approval by written ballot shall only be valid if: (i) the number of votes cast by ballot within the time established by the Board for the return of ballots equals or exceeds the quorum (as specified in Section 5.05, below), 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. In the case of the election of directors, those candidates who receive the highest number of votes, up to the total number of positions on the Board to be filled, shall be the successful, elected candidates.

(f) Solicitation Rules. Written ballots shall be solicited in a manner consistent with the requirements of Section 5.04, below, pertaining to issuance of notice 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. Written ballots distributed in connection with elections and votes that are subject to Civil Code section 1363.03 (see Section 4.04(d), above) must also conform with the secret ballot voting requirements set forth in Civil Code section 1363.03. Those procedures are enumerated in Section 7.05, below.

(g) Additional Balloting Procedures. If deemed necessary by the Board of Directors, any written ballot conducted pursuant to this Section 4.06 may be subjected to additional procedures, not inconsistent with the provisions of this Section or applicable State law, as may be prescribed by a firm of public accountants or the Association's legal counsel, 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 thirty (30) days following 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, the Board shall so notify the Members.

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

(j) Conduct of Informational Meetings. Use of the written ballot procedures set forth in this Section 4.06 shall not preclude the Association from also conducting informational meetings of the Members to provide information or a forum during the prescribed voting period or from scheduling a Board or membership meeting to coincide with the culmination of the prescribed balloting period.

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

ARTICLE V MEMBERSHIP MEETINGS

Section 5.01. Place of Meeting. All meetings of the Membership shall be held at the principal office of the Association, or at such other places as may be fixed from time to time by resolution of the board of directors. Except in extraordinary circumstances, meetings shall be scheduled at an appropriate facility in reasonable proximity to Lake Almanor Country Club.

Section 5.02. Annual Meeting. The annual meeting of Members shall be held on the first Saturday in July of each year unless the Board of Directors fixes another date and so notifies the Members as provided in Section 5.04, below.

Section 5.03. Special Meetings.

(a) Persons Entitled to Call Special Meetings. A majority of the Board, the president or five percent (5%) or more of the 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, rather than being called by the Board of Directors or the 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 first-class, certified or registered mail or by telegraphic or other facsimile transmission to the president, the vice president, or the secretary of the Association. Upon receipt of the Members' demand for a special meeting, the Board shall cause notice to be promptly given to the Members entitled to vote, in accordance with the provisions of Section 5.04, below, that a meeting will be held, and the date, time and purpose for such meeting, which date shall be not less than thirty-five (35) nor more than ninety (90) days following the receipt of the request. If the Association fails to send the Members notice of the special meeting within twenty (20) days after receipt of the request, the persons requesting the meeting may give the notice. Nothing contained in this subparagraph (b) shall be construed as limiting, fixing, or affecting the time when a meeting of

Members may be held when the meeting is called by action of the Board of Directors or the president.

Section 5.04. Notice of Members' Meetings.

(a) Requirement That Notice Be Given. Notice of all regular and special meetings of the Members shall be sent or otherwise given in writing to each Member who is eligible to vote at the meeting as of the record date for notice established in accordance with Section 5.08, below.

(b) Time Requirements for Notice. The notice of membership meetings shall be given in the manner specified in subparagraph (e) of this section, 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 shall be given not less than twenty (20) days (nor more than ninety (90) days) before the meeting.

(c) Minimum Requirements Regarding Content of Notice. Notices of meetings of the Members shall specify the place, date, and hour of the meeting and (i) in the case of a special meeting, the general nature of the business to be transacted, and no other business may in that case be transacted, or (ii) in the case of a regular meeting, those matters which the Board of Directors, at the time of giving the notice, intends to present for action by the Members; but any proper matter may be presented at the 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 action is proposed to be taken at any membership meeting for approval of any of the following proposals, the notice shall also state the general nature of the proposal. Member action on such items is invalid unless the notice or written waiver of notice or consent states the general nature of the proposal(s):

- (i) Removing a director without cause;
- (ii) Filling vacancies on the Board of Directors under those circumstances where a vote of the Members is required pursuant to Section 7.07(d), below;
- (iii) Amending the Articles of Incorporation of the Association, these Bylaws or the Declaration in any manner requiring approval of the Members;
- (iv) Approving a contract or transaction between the Association and one (1) or more of its directors, or between the Association and any corporation, firm or association in which one (1) 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 Declaration; or
- (vi) Voting upon any election to voluntarily terminate and 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 of the Association, and if so executed, shall be filed and maintained in the minute book of the Association. Such affidavit shall constitute prima facie evidence that proper notice was given.

Section 5.05. Quorum Requirements.

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

(i) Quorum for Votes on Assessment Increases; Special Assessments; Certain Significant Board Actions. In the case of any membership meeting or written ballot called or conducted for the purpose of voting on Assessment increases requiring membership approval (see Article IV of the Declaration), or to vote on those matters requiring Member consent pursuant to Section 9.02, below, the quorum requirement for valid action on the proposal shall be a majority of the Members; and

(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 forty percent (40%) of the Members.

(b) Members Represented By Proxy. Members present at a membership meeting in person or by proxy shall be counted towards 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, if any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum. If a quorum is never established for the meeting, a majority of those Members who are present may vote to adjourn the meeting for lack of a quorum but no other action may be taken or business transacted.

(d) Application of Quorum Requirements to Votes Conducted by Secret Ballot. In any vote or election that is required to be conducted by use of a secret ballot meeting the

requirements of Civil Code section 1363.03 (see Section 4.04(d), above), each ballot received by the inspector of election shall be treated as a Member present at a meeting for purposes of establishing a quorum.

Section 5.06. Adjourned Meeting.

(a) Adjournment, Generally. Any Members' meeting, annual or special, whether or not a quorum is present, may be adjourned to another time and/or place (but not for more than forty-five (45) days) by the vote of the majority of Members present at the meeting, either in person or by proxy. Unless there is an absence of a quorum (in which case no business other than adjournment may be transacted), the reconvened meeting may take any action which might have been transacted at the original meeting.

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

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

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

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

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

(a) Record Dates Established By the Board of Directors. For the purpose of determining which Members are entitled to receive notice of any meeting, vote, act by written ballot without a meeting or exercise any rights in respect to any other lawful action, the Board of

Directors may fix, in advance, a "record date" and only Members of record on the date so fixed are entitled to notice, to vote, or to take action by written ballot or otherwise, as the case may be, notwithstanding any transfer of any membership on the books of the Association after the record date, except as otherwise provided in the Articles of Incorporation, by agreement, or in the California Nonprofit Mutual Benefit Corporation Law. The record dates established by the Board pursuant to this section must be in accordance with the following requirements:

(i) Record Date for Notice of Meetings. In the case of determining those Members entitled to notice of a meeting, the record date shall not be more than ninety (90) days 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 shall not be more than sixty (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 not be more than sixty (60) days before the day on which the first written ballot is mailed or solicited; and

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

Subject to the provisions hereof and the provisions of the Declaration, the Members shall have the following rights:

Section 6.01. Use and Enjoyment of Common Areas by Members and Family. Each Member and the members of his or her Family who also reside in the Member's Residence shall be entitled to the use and enjoyment of all roads, Common Areas and Common Facilities within the Development.

Section 6.02. Tenants and Lessees.

(a) Assignment of Rights, Generally. Each Member shall have the right to assign his or her rights as a Member (other than voting rights) to a tenant residing within the Member's Residence. Such assignment shall only be effective so long as said tenant is residing in said Residence and is in compliance with the Declaration and the Association Rules as the same may exist from time to time. At all times the Owner shall remain responsible for compliance by Owner's lessee or tenant with the provisions of the Governing Documents.

(b) Restriction on Lessor's Use of Certain Common Areas and Facilities. Unless the Owner-lessor is contemporaneously residing on another Lot within the Development, during the term of any lease or rental of a Lot, no Owner shall be entitled to use the recreational Common Areas or Common Facilities of the Development. However the Owner-lessor shall have the right to access his or her Residence to the extent reasonably necessary to perform the usual responsibilities of a landlord or to ensure or gain compliance by the tenant with the requirements of these Bylaws and the Declaration.

Section 6.03. Invitees and Guests. The invitees and guests of a Member shall have the right to use and enjoy the roads, Common Areas and Common Facilities within the Development, subject to the same obligations imposed on the Owner to observe the rules, restrictions and regulations of the Association as set forth in the Governing Documents.

Section 6.04. Association Rules and Regulations. The right of any person to use and enjoy the Common Areas and Common Facilities within the Development shall at all times be subject to the rules, limitations, and restrictions set forth in these Bylaws, in the Declaration and in the Association Rules, as promulgated by the Board from time to time in accordance with Section 3.08 of the Declaration and Civil Code sections 1357.100 through 1357.140 and 1378(a)(1). With the exception of the right of use of any roads within the Development, the Board shall have the right to impose monetary penalties or to temporarily suspend the use and enjoyment of any recreational Common Facilities for the failure of a Member to pay any Assessments when due under the Declaration, or to comply with any other rule or regulation imposed upon such Member, his or her tenants or guests, pursuant to the Governing Documents; provided, however, that any such suspension shall only be imposed after such person has been

afforded the notice and hearing rights more particularly described in Section 10.06 of the Declaration. The adoption of certain Operating Rules, as defined in Section 13.09, below, are subject to statutory obligations to first publish the proposed rules or rule changes to the Members, all as more particularly provided in Section 3.08 of the Declaration.

ARTICLE VII BOARD OF DIRECTORS

Section 7.01. General Association Powers. Subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, the Davis Stirling Common Interest Development Act (Cal. Civ. Code, section 1350 et seq.) and any limitations contained in any of the Governing Documents relating to action required to be approved by the Members, the business and affairs of the Association shall be vested in and exercised by, the Association's Board of Directors. Subject to the limitations expressed in Section 10.01, below, 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 7.02. Number and Qualification of Directors. The Board of Directors shall be comprised of seven (7) persons who shall be Members in good standing of the Association.

Section 7.03. Term of Office; Limitation on Concurrent Terms. The directors of this Association serve for staggered three (3) year terms of office, with two (2) directors being elected each of two years and three elected in the third year. In addition, if a seat on the Board becomes vacant and that seat would not otherwise be up for election at the next annual membership meeting, the Board shall vote to fill the vacancy for the remainder of the unexpired term. The candidates receiving the three highest number of votes shall take the three year positions on the Board. Should the Board not fill any vacancy, the next highest vote getter(s) shall fill such vacancy(ies) then existing on the Board. After a director has served a full three (3) year term of office, one (1) year must elapse before that person shall again be eligible for election to the Board, it being understood that the period between the annual meeting at which a term shall have expired and the next annual meeting of the Members constitutes one year for purposes of this restriction on concurrent terms of office, regardless of whether that period of time is equal to, or less than, 365 days. A Member who is elected to the Board to fill an unexpired term of office that is created by a vacancy shall be eligible for immediate re-election to the Board.

Section 7.04. Nomination of Directors. Individuals can become candidates for election to the Board of Directors in any of the following ways:

(a) Candidates Selected by Nominating 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 chairman, and two (2) or more Members of the Association who may or may not be Board members. The Nominating Committee shall make its report to the Board of Directors at least

thirty (30) days before the date of the election. The report shall also inform the Board of any Members who have nominated themselves as candidates, pursuant to subparagraph (b), below. 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 and the secret ballot form that is sent to each Member shall identify those candidates who have been nominated by the Nominating Committee.

(b) Self-Nomination. In accordance with Civil Code section 1363.03(a)(3), any individual who is a Member in good standing shall have the right to place his or her name in nomination for election to the Board of Directors so long as the Member tenders written notice of the nomination to the Nominating Committee at least thirty (30) days before the date of the election. Candidates who have nominated themselves shall be identified as such on the secret ballot that is distributed to each Member.

(c) Good Standing Requirement. In order to be eligible for nomination and election to the Board, the Association secretary must certify that the candidate-Member is in good standing with the Association as defined in Section 4.03., above.

Section 7.05. Conduct of the Election of Directors; Ballot Tabulation and Retention Requirements.

(a) Coordination of Director Elections to Coincide with Date of the Annual Meeting. In accordance with Civil Code section 1363.03(e), the annual election of directors must be conducted using a double envelope balloting process that is described in subparagraph (c), below, however the results of the balloting and thus the deadline for voting shall be scheduled to coincide with the annual meeting of the Members. In order to be in compliance with the Civil Code secret balloting procedures, the secret ballots shall be mailed to every Member at least thirty (30) days prior to the date of the annual Membership meeting. It shall be permissible for the ballot to be organized so as to identify candidates nominated by the Nominating Committee and candidates who have self-nominated themselves.

The successful candidates who are elected to office in accordance with this Section 7.05 shall take office immediately following announcement by the inspector of election of the results of the balloting. Each director, including a director elected to fill a vacancy or elected at a special Members' meeting, shall hold office until the expiration of the term for which the director has been elected or until a successor has been elected and qualified.

(b) Use of Secret Ballots and Ballot Completion Requirements. In accordance with Civil Code section 1363.03, ballots used in the election of directors shall be secret ballots and the ballots, together with two (2) preaddressed envelopes with instructions on how to return ballots, shall be mailed by first-class mail or delivered by the Association to every Member not less than thirty (30) days prior to the deadline for voting. In order to preserve the confidentiality of the voter, the voter may not be identified by name, address, or Residence or Lot number on the ballot. The unsigned ballot shall be inserted into an envelope that is sealed and this sealed envelope is, itself, inserted into a second envelope that is sealed. In the upper left hand corner of the second envelope, a space or lines shall be presented where the voter shall print and sign his or her name, address and Residence or Lot number. The second envelope shall be addressed to

the inspector or inspectors of election who shall tally the votes. The envelope containing the ballot may be mailed or delivered by hand to the location specified by the inspector or inspectors of election (that location shall be stated in the balloting materials that are mailed to the Members). Any Member may request a receipt from the inspector of election to confirm delivery of his or her ballot. Once a secret ballot is received by the inspector of election, it shall be irrevocable.

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

(d) Supervision of Election Process; Appointment of Inspector(s) of Election. In order to insure secrecy of ballots and fairness in the conduct of director elections, the Board of Directors shall select an independent third party or parties to serve as the inspector(s) of election. The number of inspectors of election shall be one (1) or three (3). The designated inspector of election shall have the authority to appoint and oversee additional persons to verify signatures and to count and tabulate votes so long as such persons are independent third parties. For purposes of this subparagraph, an independent third party includes, but is not limited to, a volunteer poll worker with the County registrar of voters, a licensee of the California Board of Accountancy, or a notary public. An independent third party may be a Member of the Association but cannot be a member of the Board of Directors or a candidate for election to the Board or related to a member of the Board of Directors or a candidate for election to the Board of Directors. An independent third party may not be a person, business entity, or subdivision of a business entity who is currently employed or under contract to the Association for any compensable services unless expressly authorized by Association Rules relating to the conduct of elections which have been adopted by the Association in accordance with Section 3.08(c) of the Declaration and Civil Code section 1357.130. The person or persons appointed to serve as inspectors of election shall have the full powers of an inspector of election appointed by the Board pursuant to Corporations Code section 7614. Without limiting the foregoing, the inspector or inspectors of election shall do all of the following:

(i) Determine the number of memberships entitled to vote and the Voting Power of each.

(ii) Determine the authenticity, validity, and effect of proxies, if any.

(iii) Determine the existence of a quorum for conduct of the election (each ballot received by the inspector of election shall be treated as a Member present at a meeting for purposes of establishing a quorum).

(iv) Receive ballots. Sealed ballots shall at all times be in the custody of the inspector or inspectors of election or at a location designated by the inspector or inspectors until after the tabulation of the vote, at which time custody of the ballots shall be transferred to the Association.

(v) Hear and determine all challenges and questions in any way arising out of or in connection with the right to vote.

(vi) Count and tabulate all votes.

(vii) Determine when the polls close.

(viii) Determine the result of the election.

(ix) Perform any acts as may be proper to the conduct of the election with fairness to all Members and in accordance with the Association Rules pertaining to the conduct of elections and section 1363.03 of the Civil Code.

An inspector of election shall perform his or her duties impartially, in good faith, to the best of his or her ability, and as expeditiously as is practical. If there are three (3) inspectors of election, the decision or act of a majority shall be effective in all respects as the decision or act of all. Any report made by the inspector or inspectors of election is prima facie evidence of the facts stated in the report.

(e) Limitations on Association Election Activities. In accordance with Section 9.02(a)(v), below, the Association shall be prohibited from using Association funds for campaign purposes, as defined in this Section, although this prohibition shall not apply to communications disseminated pursuant to an Association Rule that is intended to comply with the requirement imposed by Civil Code section 1363.03(a)(1) that all candidates have equal access to Association media to communicate points of view that are reasonably related to the election.

(f) Requirements for the Counting and Tabulation of Ballots. The designated inspector or inspectors of election or his or her designee must count and tabulate the votes in public at a properly noticed open meeting of the Board of Directors or the Members. Any candidate or other Member of the Association may witness the counting and tabulation of the votes. No person, including a Member of the Association or an employee of the Association's management company, if any, shall open or otherwise review any ballot prior to the time and place at which the ballots are counted and tabulated. The inspector of election, or his or her designee, may verify the Member's information and signature on the outer envelope of the secret ballot prior to the meeting at which ballots are tabulated. Once a secret ballot is received by the inspector of election it shall be irrevocable.

(g) Announcement of the Results of the Election. The tabulated results of the election shall be promptly reported to the Board of Directors of the Association and shall be recorded in the minutes of the next meeting of the Board and shall be available for review by Members of the Association. Within fifteen (15) days of the election, the Board shall publicize the tabulated results of the election in a communication directed to all Members.

(h) Retention of Ballots. After tabulation, election ballots shall be stored by the Association in a secure place for no less than one (1) year after the date of the election. In the event of a recount or other challenge to the election process, the Association shall, upon written request, make the ballots available for inspection and review by Association Members or their authorized representatives. In order to ensure that ballots are not tampered with or removed,

entirely, the inspector of election shall be entitled to be in attendance at any such inspection. In the event that a recount of the ballots is required, the recount shall be conducted in a manner that shall preserve the confidentiality of each Member's vote.

Section 7.06. Vacancies on Board of Directors.

(a) Vacancies, Generally. A vacancy or vacancies in the Board of Directors shall be deemed to exist on the occurrence of any of the following: (i) the death, resignation or removal of a director pursuant to subparagraphs (c) and (d) hereof; (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. Except as provided in this subparagraph, any director may resign, which resignation shall be effective on giving written notice to the president, the secretary, or the Board of Directors, unless the notice specifies a later time for the resignation to become effective. If the resignation of a director is effective at a future time, the Board of Directors may elect a successor to take office when the resignation becomes effective.

(c) Authority of Board to Remove Directors. The Board of Directors shall have the power and authority to remove a director and declare his or her office vacant if he or she: (i) has been declared of unsound mind by a final order of court; (ii) has been convicted of a felony; or (iii) fails to attend three (3) consecutive regular meetings of the Board of Directors which have been duly noticed in accordance with California Law and these Bylaws. In exercising its discretion to remove a director for his or her failure to attend duly noticed meetings, the Board may consider in mitigation, medical hardship, business travel or other factors.

(d) Removal of Directors By Action of the Members. Except as otherwise provided in subparagraph (c), above, and subparagraph (e), below, a director may only be removed from office prior to expiration of his or her term by the affirmative vote of a majority of a quorum of the Members. Any Membership action to recall or remove a director shall be conducted in accordance with the following procedures:

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

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

(iii) The director or directors who is/are the subjects of the recall petition shall have the right to rebut the allegations contained in the petition orally, in writing or both, and the Board, in its discretion may call a special Membership meeting in advance of the meeting where the recall vote is to occur in order to permit the challenged directors and the proponents of the petition to present their positions. If a challenged director presents his or her rebuttal in writing, such rebuttal shall be mailed by the Association or otherwise provided to all Members, together with the notice of Membership meeting where the vote is to be conducted.

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

(v) If the petition for recall also presents a name or slate of names for replacement candidates, but not otherwise, the meeting that is called for purposes of voting upon the recall shall also call for the election of successor directors and the notice of the meeting shall set forth the names of all candidates proposed by the recall proponents who are in good standing as of the date that the note is sent. Nominations shall also be taken from the floor. If a petition fails to list candidates for election to the vacancies and the recall vote is successful, the meeting shall be adjourned for a period of thirty (30) days to permit candidates to submit their names and a statement of qualification to the Members. When the meeting is reconvened, nominations may also be made from the floor. If the recall election does not occur at the same meeting where the recall vote is conducted, and all directors are successfully recalled, those directors shall remain in office until their successors are elected and qualified, but their authority as directors shall be limited to routine business of the Association.

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

(f) Filling of Vacancies. Vacancies on the Board of Directors 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 by action of the Members in which case the vacancy shall be filled by a vote of the Members conducted in accordance with Section 7.05, subparagraphs (b) through (h), above. Furthermore, the Members may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors by an election conducted in accordance with Section 7.05(b) through (h), above. Members who are appointed to fill a vacancy on the Board shall serve for the remainder of the term of office of the director previously holding that seat on the Board.

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

ARTICLE VIII
MEETINGS OF THE BOARD OF DIRECTORS

Section 8.01. Place of Meetings. Regular and special meetings of the Board of Directors may be held at the principal office of the Association, or at any other place or places within the State of California, designated at any time by resolution of the Board of Directors or by written consent of all members of the Board.

Section 8.02. Annual Meeting of Directors. Immediately following each annual meeting of Members, the Board of Directors shall hold a regular meeting for the purpose of organization, election of officers, and the transaction of other business. Notice of this meeting shall not be required.

Section 8.03. Other Regular Meetings. Ordinarily, regular meetings shall be conducted at least monthly; provided, however, that regular meetings can be held as infrequently as every quarter if the Board's business does not justify more frequent meetings. If the Board adopts an annual schedule for the conduct of regular meetings (such as a schedule that calls for regular meetings to be held at a specific time and location on the third Thursday of each month) and that schedule is communicated to all directors at the inception of the year, no further notice of a regular meeting shall be required unless the date, time or location for a particular regular meeting is changed for any reason, in which case, notice shall be provided to all directors in accordance with Section 8.05, below.

Section 8.04. Special Meetings of the Board. Special meetings of the Board of Directors for any purpose may be called at any time by the president or any two (2) directors.

Section 8.05. Notice of Board Meetings.

(a) Minimum Time Requirements for Giving Notice to Directors. In the case of any special meeting of the Board, and if the Board has not fixed the time and location for regular meetings and provided each director with the schedule for the conduct of regular meetings, notice shall be communicated to each Board member not less than four (4) days prior to the date of the meeting; provided, however, that if the meeting qualifies as an emergency meeting (Section 8.05(d), below) or is a special meeting that can be called in executive session (Section 8.06(c), below) the time for providing notice is forty-eight (48) hours prior to the meeting, unless notice is given by first-class mail in which case the four (4) day notice requirement remains in effect. Notice of a meeting of the Board need not be given to any director who has signed a waiver of notice or a written consent to the conduct of the meeting or an approval of the minutes of the meeting (whether before or after the meeting) or who attends the meeting without protesting, prior thereto or at the commencement of the meeting, the lack of notice to that director. All such notices shall be given or sent to the director's address, telephone number or email address as shown on the records of the Association. Notwithstanding the foregoing, notice of a meeting need not be given to any director who has signed a written waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof as more particularly provided in Section 8.08, below.

(b) Manner of Giving Notice to Directors. Each director shall be entitled to receive notice of meetings by any one of the following means: by first-class mail, by personal delivery, by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, by facsimile, electronic mail, or other electronic means.

(c) Notice Contents. The notice of any meeting of the Board shall state the time, place, and purpose of the meeting.

(d) Members' Right to Receive Notice of Board Meetings. All Members of the Association shall be given notice of the time and place of all Board meetings (as defined in Section 8.06(a), below), except for "emergency meetings", at least four (4) days prior to the date of the meeting. This notice to the Members shall be given by posting the notice at the Association's principal place of business or places within the Common Area and by mail to any Member who has requested notification of Board meetings by mail (with the notice sent to the address requested by the Member). Notice may also be given by mail or delivery of the notice to each Lot within Lake Almanor Country Club, or by newsletter or similar means of communication. For purposes of this subparagraph (d), an "emergency meeting" of the Board means a meeting called by the president or by any two (2) members of the Board under circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board and which of necessity make it impracticable to provide prior notice to the Members as required by the Open Meeting Act (see Section 8.06, below).

In addition to the foregoing general notice requirements for Members, if a particular Member or Members are scheduled for possible disciplinary action on the agenda for a Board meeting, the Board must notify the subject Member(s) in writing, by either personal delivery or first-class mail, at least ten (10) days prior to the date of the meeting. Any such special notice of possible disciplinary action must contain, at a minimum, the date, time and location of the meeting, the nature of the alleged violation for which the Member(s) is/are being considered for disciplinary action, and a statement that the Member(s) has/ have a right to attend the meeting and address the Board concerning the disciplinary matter.

Section 8.06. Attendance by Members; Common Interest Development Open Meeting Act Provisions. The following provisions reflect the California Common Interest Development Open Meeting Act (California Civil Code section 1363.05):

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

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

(c) Executive Sessions. The Board, on the affirmative vote of a majority of the directors present at a meeting at which a quorum has been established, shall be entitled to adjourn at any time for purposes of reconvening in executive session to discuss: (i) litigation in which the Association is or may become a party; (ii) matters relating to the formation of contracts with third parties; (iii) Member discipline; (iv) personnel matters, (v) or to meet with a Member, upon the Member's request, regarding the Member's payment of Assessments, as specified in Section 1367.1 of the Civil Code. The Board must meet in executive session if requested by a Member who may be subject to a fine, penalty, or other form of discipline and the Member who is the subject of the disciplinary proceeding shall be entitled to attend the executive session. Any matter discussed in executive session shall be generally noted in the minutes of the immediately following Board meeting that is open to the entire membership.

(d) 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 of Directors, other than minutes of an executive session, shall be available to the Members within thirty (30) days of the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any Member upon request and upon reimbursement of the Association's costs in making that distribution.

Section 8.07. Quorum Requirements. A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 8.09, 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 shall be regarded as the act of the Board of Directors, subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, especially those provisions relating to (i) approval of contracts or transactions in which a director has a direct or indirect material financial interest, (ii) appointment of committees, and (iii) indemnification of directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors below a quorum, if any action taken is approved by at least a majority of the required quorum for that meeting, or such greater number as is required by these Bylaws, the Articles or by law.

Section 8.08. Waiver of Notice. The transaction of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the directors not present, individually or collectively, signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the 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 8.09. 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 twenty-four (24) hours, notice of adjournment to any other time or place shall be given prior to the time of the adjourned meeting to the directors who are not present at the time of the adjournment. Except as provided above, notice of adjournment need not be given.

Section 8.10. Action Without a Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if (i) all members of the Board, individually or collectively, consent in writing to that action; and (ii) the action is one that qualifies as one that is appropriate for action as an emergency meeting matter in accordance with Section 8.05(d), above. Such action by written consent shall have the same force and effect as an unanimous vote of the Board of Directors.

If the Board of Directors resolves by unanimous written consent to take action, an explanation of the action taken shall be posted at a prominent place or places within the Common Area within three days after the written consents of all Board members have been obtained. If the Common Area is unsuitable for posting the explanation of the action taken, the Board shall communicate the explanation by any means it deems appropriate. Any written consent or consents of the Board shall be filed with the minutes of the proceedings of the Board.

Section 8.11. 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 of Directors to be just and reasonable. Expenses for which reimbursement is sought shall be supported by a proper receipt or invoice.

ARTICLE IX DUTIES AND POWERS OF THE BOARD

Section 9.01. Specific Powers. Without prejudice to the general powers of the Board of Directors set forth in Section 7.01, above, the directors shall have the power to:

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

(b) Appoint and remove all officers of the Association, the Association's General Manager (subject to any contractual obligations that may exist) and other Association employees; prescribe the powers and duties for such persons that are consistent with law, the Articles of Incorporation and these Bylaws; and fix their compensation.

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

(d) Adopt and establish rules and regulations in accordance with Civil Code sections 1357.100 through 1357.130 governing the use of the Common Areas and Common Facilities within Lake Almanor Country Club, and the personal conduct of the Members and their guests thereon, and take such steps as it deems necessary for the enforcement of such rules and regulations, including the imposition of monetary penalties and/or the suspension of voting rights and the right to use any Common Areas or Common Facilities; provided notice and a hearing are provided as more particularly set forth in Section 10.06 of 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 Areas and Common Facilities and the roads within Lake Almanor Country Club.

(f) Contract for and pay premiums for fire, casualty, liability and other insurance and bonds (including indemnity bonds) which may be required from time to time to be maintained by the Association pursuant to Article X of the Declaration

(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 Areas, Common Facilities or other portions of Lake Almanor Country Club, if any, that the Association is obligated to maintain, repair or replace.

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

(i) Contract for and pay for construction or reconstruction of any portion or portions of Lake Almanor Country Club that the Association is obligated to maintain, repair and replace pursuant to Article XI of the Declaration and which have been damaged or destroyed and which are to be rebuilt.

(j) Delegate its duties and powers hereunder to the officers of the Association or to committees established by the Board, subject to the limitations expressed in Section 10.01, below.

(k) Subject to applicable Member approval rights with respect to certain increases in the regular Assessment and the levy of certain Special Assessments under California Civil Code section 1366, levy and collect Assessments from the Members of the Association in accordance with Article IV of the Declaration.

(l) Perform all acts required of the Board of Directors under the Declaration, these Bylaws and the other Governing Documents of the Association.

(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 Section 12.05, below.

(n) Appoint a Nominating Committee for the nomination of persons to be elected to the Board, and prescribe rules under which said Nominating Committee is to act, all as more particularly described in Section 7.04, above.

(o) Appoint such other committees as it deems necessary from time to time in connection with the affairs of the Association in accordance with Article X, below.

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

(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 the Members in common or the Association to protect the interests of the Members in common or the Association, as such, so long as the action is pertinent to the operations of the Association, and assess the Members for the cost of such litigation.

Section 9.02. Limitations on Powers of the Board.

(a) Prohibited Actions. The Association is prohibited from taking any of the following actions:

(i) Denial of Access to Residences and Lots. Except as otherwise provided in law, or order of the court, or an order pursuant to a final and binding arbitration decision, the Association shall not deny an Owner or occupant physical access to his or her Residence or Lot either by restricting access through the Common Areas to the Owner's Residence or by restricting access solely to the Owner's Residence and Lot.

(ii) Assignments or Pledges of Future Assessment Obligations. The Association may not voluntarily assign or pledge the Association's right to collect payments or Assessments or to enforce or foreclose a lien to a third party except when the assignment or pledge is made to a financial institution or lender chartered or licensed under federal or State law when acting within the scope of that charter or license as security for a loan obtained by the Association; however, the foregoing provision may not restrict the right or ability of the Association to assign any unpaid obligations of a former Member to a third party for purposes of collection.

(iii) Rules Unreasonably Restricting Sales. The Association shall not adopt a Rule or regulation that arbitrarily or unreasonably restricts an Owner's ability to market the Owner's Residence and Lot.

(iv) Exclusive Broker Relationships. The Association shall not establish an exclusive relationship with a real estate broker through which the sale or marketing of Residences or Lots is required to occur. This restriction does not apply to the sale or marketing of Common Areas owned by the Association.

(v) Use of Association Funds for Campaign Purposes. The Association shall be prohibited from using any Association funds for campaign purposes in connection with the election of directors. Funds of the Association may be used for campaign purposes in connection with any other Association election to the extent necessary to comply with duties of the Association that are imposed by law. For purposes of these limitations, "campaign purposes" include, but are not limited to: (A) expressly advocating the election or defeat of any candidate that is on the election ballot; and (B) inclusion of the photograph or prominently featuring the name of any candidate on a communication from the Association or its Board of Directors, excepting the ballot and ballot materials, within thirty (30) days of an election. This restriction shall not apply to any communication that is made as part of an Association's efforts to ensure that all candidates are provided with access to Association media, newsletter, or Internet Web sites during a campaign, for purposes that are reasonably related to that election.

(b) Board Actions Requiring Member Approval. The Board shall not take any of the following actions except with the consent, by vote at a meeting of the Association or by written ballot without a meeting pursuant to Corporations Code Section 7513 or any successive statute thereto, of a simple majority of the Members constituting a quorum of the Voting Power of the Association:

(i) 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 three (3) years. This restriction shall not apply to: (i) FHA or VA approved management contracts; (ii) public utility contracts where the rates charged for materials or services are regulated by the Public Utilities Commission; provided, however that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate; and (iii) prepaid casualty or liability insurance policies not to exceed three (3) years, provided the policies provide for short rate cancellation by the insured.

(ii) Incur aggregate expenditures for capital improvements to the Common Areas in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that year.

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

(iv) Pay compensation to members of the Board of Directors or the officers of the Association; provided, however, that directors and officers can be reimbursed for reasonable out of pocket expenses, verified in writing, incurred in carrying on the business of the Association.

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

(vi) Enter into a Lot in a non-emergency situation unless the Owner is furnished with at least twenty-four (24) hours' written notice, except in the case of an emergency as more particularly described in Section 3.07(b) of the Declaration.

ARTICLE X COMMITTEES

Section 10.01. Standing Committees of the Board. The Association shall have the following Standing Committees:

(a) Architectural Review Committee. The Architectural Review Committee shall have the responsibility of reviewing all requests for new construction or alterations of existing structures and proposed amendments to the Architectural Guidelines for review and approval by the Board. The Committee shall also prepare amendments to the Architectural Guidelines for review and approval by the Board. The Committee shall perform other duties as may be set forth in these Bylaws or in the Declaration.

(b) Nominating Committee. The Nominating Committee shall function in accordance with Section 7.04(a), above.

(c) Board of Control. The Board has the authority to appoint a Board of Control which shall serve as the judicial hearing body for Member disciplinary Governing Document enforcement actions.

(d) Other Committees. In addition to the Architectural Review Committee and the Nominating Committee, the Board of Directors shall be authorized and empowered to appoint additional committees to assist the Board and management in the effective pursuit of the Association's business and affairs. Such committees, if appointed, shall be advisory to the Board and the scope of their authority shall be as stated in the resolution creating the committee. Only Members in good standing may serve on Association committees.

Section 10.02. Powers of Committees. Committees shall act as advisory bodies to the Board of Directors with respect to matters within their area of assigned responsibility unless a Board resolution constituting the Committee specifies specific matters or actions that are within the province of the Committee, except that no committee, regardless of Board resolution, may:

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

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

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

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

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

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

Section 10.03. 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 VIII, above, 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 of Directors and its members, except that the time for regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee. Special meetings of committees may also be called by resolution of the Board of Directors. Notice of special meetings of committees shall also be given to any and all alternate members, who shall have the right to attend all meetings of the committee. Unless otherwise provided in the Board resolution establishing the committee, minutes shall be kept of each meeting of any committee and shall be filed with the Association records. The Board of Directors may adopt additional rules, not inconsistent with the provisions of these Bylaws, for the governance of any committee.

ARTICLE XI OFFICERS

Section 11.01. 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 (1) or more assistant secretaries, one (1) or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of Section 11.03, below. Any person may hold two (2) or more offices, except that neither the secretary nor the chief financial officer may serve concurrently as president.

Section 11.02. Election of Officers. The officers of the Association, except such officers as may be appointed in accordance with the provisions of Sections 11.03 and 11.06, below, shall be chosen annually by majority vote of the Board immediately following the annual meeting of the Members and announcement of the results of the election of directors, and each officer 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 11.03. 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 the Bylaws and as the Board may from time to time determine.

Section 11.04. Removal of Officers. Any officer may be removed, either with or without cause, by the Board at any regular or special meeting.

Section 11.05. 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 at the date of the receipt of such notice or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it

effective. Any resignation is without prejudice to the rights, if any, of the Association under any contract to which the officer is a party.

Section 11.06. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the Bylaws for regular appointments to such office.

Section 11.07. 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 the Bylaws.

Section 11.08. 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 the Bylaws.

Section 11.09. 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 directors' meetings, the number of Members present in person or by proxy at Members' meetings, and the proceedings thereof. The secretary shall keep, or cause to be kept, appropriate current records showing the Members of the Association, together with their addresses. He or she shall give, or cause to be given, notice of all meetings of the Board required by the Bylaws or by law to be given, and he or she shall keep the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board or by the Bylaws.

Section 11.10. Chief Financial Officer. The chief financial officer, who shall be known as the treasurer, shall: (a) 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; (b) 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; (c) disburse the funds of the Association as may be ordered by the Board; (d) 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 (e) have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws. The books and records shall at all reasonable times be open to inspection by any director or Member. 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 XII MEMBER ASSESSMENT OBLIGATIONS AND ASSOCIATION FINANCES

Section 12.01. Description of Assessments to Which Owners Are Subject. Owners of Lots within the Development are subject to Annual, Special, Emergency, and Special Individual Assessments as more particularly described in Article IV of the Declaration.

Section 12.02. 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 or officers or such other person or persons as the Board of Directors may from time to time designate. Notwithstanding the foregoing, any withdrawal of funds from Association reserve accounts shall require the signature of two (2) directors or an officer (who is not also a director) and a director.

Section 12.03. 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, betterments, maintenance, and other operating expenses of Lake Almanor Country Club.

Section 12.04. 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 more particularly set forth in Article IV of the Declaration. All Association books of account shall be maintained in accordance with generally accepted accounting principles.

Section 12.05. Budget and Financial Statements. The following financial statements and related information for the Association shall be regularly prepared and copies thereof shall be distributed to each Member of the Association:

(a) Budget. A pro forma operating budget meeting the requirements of this subparagraph (a) shall be distributed to Members not less than thirty (30) days nor more than ninety (90) days prior to the beginning of the fiscal year. The budget shall include at least the following information:

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

(ii) a summary of the Association's reserves based upon the most recent review or study conducted pursuant to Section 12.06, below, and Civil Code section 1365.5, based only on assets held in cash or cash equivalents, which shall be printed in boldface type and include all of the following:

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

(B) As of the end of the fiscal year for which the reserve study is prepared, the current estimate of the amount of cash reserves necessary for Association Capital Projects and the current amount of accumulated cash reserves actually set aside for the repair, replacement, restoration or maintenance of Association Capital Projects;

(C) The percentage that the amount of accumulated cash reserves is of the estimated amount of necessary cash reserves calculated under subparagraph (B), above; and

(D) The current deficiency, if any, in reserve funding expressed on a per Lot basis. The figure shall be calculated by subtracting the amount determined as the current amount of accumulated cash reserves actually set aside for the repair, replacement, restoration or maintenance of Association Capital Projects from the amount determined as the current estimate of the amount of cash reserves necessary for Association Capital Projects and then dividing the result by the number of Lots in the Development. If Assessments vary by the size or type of the Lots or Residences, this calculation of the current deficiency shall be conducted in a manner that reflects the variation.

(iii) a statement as to all of the following:

(A) whether the Board of Directors of the Association has determined to defer or not to undertake repairs or replacement of any major component of the Development (for which the Association is responsible) with a remaining life of thirty (30) years or less, including a justification for the deferral or decision not to undertake the repairs or replacement;

(B) whether the Board of Directors, consistent with the reserve funding plan adopted pursuant to Civil Code section 1365.5(e), has determined or anticipates that the levy of one (1) or more Special Assessments will be required to repair, replace or restore any major component or to provide adequate reserves therefore. If so, the statement shall also disclose the estimated amount, commencement date and duration of the Assessment;

(C) the mechanism or mechanisms by which the Board of Directors will fund reserves to repair or replace major components of the Development for which the Association is responsible, including Assessments, borrowing, use of other assets, deferral of selected replacement or repairs, or alternative mechanisms; and

(D) whether the Association has any outstanding loans with an original term of more than one (1) year, including information as to the payee, the interest rate, the amount outstanding, the amount of the annual payment, and when the loan is scheduled to be retired.

(iv) a general statement setting forth the procedures used by the Board of Directors in calculating and establishing reserves to defray the future costs of repair, replacement or additions to major components of the Development which the Association is obligated to maintain. This report shall include, but need not be limited to, reserve calculations made using the formula described in Civil Code section 1365.2.5(b)(4), and may not assume a rate of return on cash reserves in excess of two percent (2%) above the rediscount rate published by the Federal Reserve Bank of San Francisco at the time the calculation is made.

In lieu of distributing the complete pro forma operating budget as specified above, the Board of Directors may elect to distribute a summary of the budget to the Members (within the time limits provided above), together with a notice that the complete budget is available at the Association's principal office and that copies will be furnished, upon request, to any Member at the Association's expense. This notice shall be presented on the front page of the budget summary in at least 10-point bold type. If a Member requests a copy of the complete budget, the Association shall mail the material, via first-class mail and at the Association's expense, within five (5) days.

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

- (i) A balance sheet as of the end of the fiscal year;
- (ii) An operating (income) statement for the fiscal year;
- (iii) A statement of cash flows 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 Fifty Thousand Dollars (\$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) per year.

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

(c) Review of Accounts. On no less than a quarterly basis, the Board of Directors shall:

- (i) Review a current reconciliation of the Association's operating accounts;
- (ii) Review a current reconciliation of the Association's reserve accounts;
- (iii) Review the current year's actual reserve revenues and expenses compared to the current year's budget;
- (iv) Review the Association's latest account statements prepared by the financial institution(s) with whom the operating and reserve accounts are lodged; and

(v) Review the Association's income and expense statement for the operating and reserve accounts.

Section 12.06. Required Reserve Studies. At least once every three (3) years the Board of Directors shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components of the Development the Association is obligated to repair, replace, restore, or maintain as part of a study of the reserve account requirements of the Development, if the current replacement value of the major components is equal to or greater than one-half (1/2) of the gross budget of the Association, excluding the Association's reserve account for that period. The Board shall review this study, or cause it to be reviewed, annually and shall consider and implement necessary adjustment to the Board's analysis of the reserve account requirements as a result of that review. The reserve study required hereunder shall include the minimum requirements specified in Civil Code section 1365.5 or comparable successor statute. Among other requirements, Civil Code section 1365.5 requires the Board to prepare a reserve funding plan that indicates how the Association plans to fund the annual contributions that are necessary to defray the cost to repair, replace, restore, or maintain the major components of the Development that are the obligation of the Association that have a remaining useful life of thirty (30) years or less, not including those components that the Board has determined will not be replaced or repaired. The plan shall include a schedule of the date and amount of any change in the Regular or Special Assessments that would be needed to sufficiently fund the reserve funding plan. This reserve funding plan must be adopted by the Board of Directors at an open meeting before the membership of the Association. If the Board determines an Assessment increase is necessary to fund the reserve funding plan, any increase shall be approved in a separate action of the Board that is consistent with the procedure described in Civil Code section 1366. The Association shall provide a copy of the reserve funding plan to any Member upon request.

ARTICLE XIII OTHER REQUIRED REPORTS AND DISCLOSURES TO MEMBERS

In addition to the documents the Association is required to distribute to the Members pursuant to Article XII, above, various statutes applicable to common interest developments and owner associations require the following disclosures and information be provided to the Members of the Association on an annual or other periodic basis or in response for a request for the information by a Member:

Section 13.01. Notification to Members Regarding Insurance Coverage Maintained by the Association (Civil Code section 1365(e)).

(a) Scope of Required Summary Disclosures. Not less than thirty (30) days nor more than ninety (90) days preceding the beginning of the Association's fiscal year, the Association shall distribute to its Members a summary of the Association's property, general liability and earthquake and flood insurance (if any) containing the information described in subparagraph (b), below.

(b) Content of Annual Insurance Summary. The insurance summary required by subparagraph (a), above, shall include the following information, as required by law: (i) the

name of the insurer; (ii) the type of insurance; (iii) the policy limits of the insurance; and (iv) the amount of the deductibles, if any. In addition, the summary shall include the following statement in at least ten (10) point boldface type: "This summary of the Association's policies of insurance provides only certain information, as required by section 1365(e) of the California Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any Association Member may, upon request and provision of reasonable notice to the Association, review the Association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the Association maintains the policies of insurance specified in this summary, the Association's policies of insurance may not cover your property, including personal property or, real property improvements to or around your Lot, or personal injuries or other losses that occur within or around your Lot. Even if a loss is covered by the Association's insurance, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association Members should consult with their individual insurance broker or agent for appropriate additional coverage."

To the extent that any of the information that is required to be included in an annual insurance summary is specified in the insurance policy declaration page, the Association may meet its obligation to disclose that information by providing its Members with a copy of the declaration page.

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

Section 13.02. Required Statutory Assessment and Reserve Funding Disclosure Summary. The financial disclosures required by the Association pursuant to Article XII, above, shall also be presented to the Members, at the time the annual budget is presented, in summary form using the form that is set forth in Civil Code section 1365.2.5 entitled "Assessment and Reserve Funding Disclosure Summary". The form required by the Civil Code may be supplemented so long as the minimum information set out in the statute is provided. For the purpose of the report and summary of the Association's assessment and reserve disclosure, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. Nevertheless, this disclosure, which is mandated by law, shall not be construed to require the Board of Directors to fund reserves in accordance with the calculation that is required to be disclosed pursuant to Civil Code section 1365.2.5(b) (4).

Section 13.03. Annual Notice Regarding Assessments and Foreclosure. As required by Civil Code section 1365.1, the Association shall distribute to all Members during the sixty (60)

day period immediately preceding the beginning of the Association's fiscal year, the notice regarding Association assessment authority, foreclosure and other collection remedies that is set forth in subparagraph (b) of that Civil Code section (entitled "Notice Assessments and Foreclosure"). This notice must be printed in at least 12-point type.

Section 13.04. Annual Disclosure of Association Collection Policies. As required by Civil Code section 1365(d) not less than thirty (30) or more than ninety (90) days immediately preceding the beginning of the Association's fiscal year, the Association must provide its Members with a statement describing the Association's policies and practices in enforcing lien rights or other legal remedies for default in the payment of assessments.

Section 13.05. Alternative Dispute Resolution (ADR). As required by Civil Code section 1369.590, on an annual basis, the Board of Directors shall provide each Member with a summary of the provisions of California Civil Code sections 1369.510-1369.580 which require common interest owners' associations and their members to attempt to resolve most disputes involving the enforcement or interpretation of the development's Governing Documents through the use of alternative dispute resolution, rather than formal civil litigation. The annual summary must be provided either at the time the Association distributes its budget to the Members or in the manner prescribed in section 5016 of the Corporations Code (inclusion in a newsletter or other organ regularly sent to the Members) and shall include the following statement:

"Failure by any Member of the Association to comply with the pre-filing requirements of Civil Code section 1369.520 may result in the loss of your rights to sue the Association or another Member of the Association regarding enforcement of the Governing Documents or the applicable law."

The annual summary shall also include a description of the Association's internal dispute resolution process, as required by Civil Code section 1363.850.

Section 13.06. Statement of Outstanding Charges. In accordance with Civil Code section 1368(a), within ten (10) days following receipt of a written request by an Owner, an authorized representative of the Association shall provide the Owner with a written statement setting forth the following information as of the date of the statement: (a) the amount of the Association's current Regular Assessment and Special Assessments (if any), and fees, (b) the amount and nature of any assessments levied upon the Owner's Lot which are unpaid on the date of the statement; (c) any monetary fines or penalties levied upon the Owner's Lot and unpaid on the date of the statement; (d) true and correct information regarding late charges, interest, and costs of collection which, as of the date of the statement are or may be made a lien on the Owner's Lot in accordance with Civil Code section 1367.1; (e) any change in the Association's current Common and/or Special Assessments and fees which have been approved by the Association's Board of Directors, but have not become due and payable as of the date of the statement; and (f) a copy or summary of any notice previously sent to the Owner pursuant to Civil Code section 1363(h) regarding unresolved alleged violations of the Governing Documents. The Association may impose a reasonable fee for providing this information based upon the Association's actual cost to procure, prepare, and reproduce the requested items. The items required to be made available pursuant to this Section 13.06 may be maintained in electronic form and requesting

parties shall have the option of receiving the requested items by electronic transmission or machine readable storage media if the Association maintains those items in electronic form.

Section 13.07. Disclosure of Schedule of Fines and Other Monetary Penalties. In accordance with Civil Code section 1363(g), if the Association adopts a schedule of fines for commonly recurring infractions of the Governing Documents, or any other policy imposing a monetary penalty or a fee on any Member for violation of any Governing Document or the Association Rules, including any monetary penalty relating to the activities of a guest or invitee of a Member, the Board shall distribute the schedule or policy to the Members by either personal delivery or by first-class mail. This distribution obligation shall arise whenever such a schedule or policy is adopted or subsequently amended.

Section 13.08. Annual Notification of Members' Right to Receive Board Meeting Minutes. In accordance with Civil Code section 1363.05(e), Members shall be notified in writing at the time the pro forma budget required by Section 12.05, above, is distributed or at the time of any general mailing to the entire membership of the Members' right to have copies of the minutes of any Board meeting and how and where those minutes may be obtained.

Section 13.09. Notification to the Members of Rule Changes (Civil Code section 1357.130).

(a) Rule Changes Requiring Notification to Members. For purposes of this Section 13.09, a "rule change" is defined as any proposed action by the Board of Directors to adopt, amend, or repeal an operating rule (i.e., any rule of general application) that pertains to any of the following subjects: (i) use of the Association Common Areas of the Development; (ii) use of a Lot or Residence (including, without limitation, the adoption or amendment of any Architectural Guideline; (iii) rule changes relating to Member discipline, including any action to adopt or amend a fine schedule or procedures for the imposition of penalties; (iv) any standards for delinquent Assessment payment plans; (v) any procedures adopted by the Association for resolution of disputes; (vi) any procedures for reviewing and approving or disapproving a proposed physical change to a Member's Residence or Lot pursuant to Article V of the Declaration; and (vii) procedures for the conduct of elections.

Specifically excluded from the definition of a rule change are the following: (i) a decision regarding maintenance of the Common Area; (ii) decisions on specific matters that are not intended to apply generally; (iii) decisions setting the amount of the Regular Assessment or Special Assessment; (iv) rule changes that are required by law if the Board has no discretion with respect to the substantive effect of the rule change; and (v) issuance of a document that merely repeats existing law or the Governing Documents.

(b) Required Notice to Members. The Board of Directors must provide written notice of a proposed rule change, as defined in subparagraph (a), above, to the Members at least thirty (30) days prior to making any rule change. The notice must include the text of the proposed rule change and a description of the purpose and effect of the proposed rule change. Notice is not required under this subparagraph (b) if the Board determines that an immediate rule change is necessary to address an imminent threat to public health, or safety or imminent risk of substantial economic loss to the Association. The decision on any rule change that is subject to these notice

requirements shall be made by the Board at a duly noticed meeting that is open to the Members, after consideration of any comments made by the Members. As soon as possible after making a rule change (but in no event later than fifteen (15) days thereafter), the Board shall deliver notice of the rule change to every Member. If the rule change was an emergency rule change, the notice shall include the text of the rule change, a description of the purpose and effect of the rule change and the date that the rule change expires (emergency rules cannot remain in effect for more than one hundred and twenty (120) days). The notices required by this Section 13.09 may be given to the Members by any means permitted by Civil Code section 1350.9. The Member notification requirements for the preceding five categories of operating rules are intended to afford Members the right to demand that the Board conduct a special meeting or a written ballot vote to rescind the proposed rule change in accordance with Civil Code section 1357.140 (which section sets forth procedures for a Member-initiated plebiscite to challenge the proposed rule change).

Section 13.10. Annual Notice of Architectural Review and Approval Procedures. As required by Civil Code section 1378(c), the Association shall annually provide its Members with notice of any requirements for Association approval of physical changes to the Member's Lots or Residences pursuant to Article V, of the Declaration. The notice shall describe the types of changes that require Association approval and shall include a copy of the procedures used to review and approve or disapprove proposed Improvement projects. Furnishing the Members with a copy of Article V of the Declaration and a copy of any Architectural Guideline adopted pursuant to Section 5.05, of the Declaration, shall constitute compliance with this disclosure requirement.

Section 13.11. Avoidance of Duplication in Reporting Requirements. To the extent one document distributed to the Members pursuant to Article XII, above, or pursuant to this Article XIII provides the information required in more than one (1) of the foregoing Sections of either Article, any such requirements listed above may be satisfied by sending the Members the same document.

ARTICLE XIV MISCELLANEOUS

Section 14.01. Inspection of Books and Records.

(a) Member Inspection Rights.

(i) Scope of Inspection Rights of Members. All accounting books and records, minutes of proceedings of the Members, the Board and committees of the Board, the membership list of the Association, and other documents that are defined as "association records" or "enhanced association records" shall at all times, during reasonable business hours, be subject to the inspection of any Member in accordance with the requirements and restrictions set forth in Civil Code section 1365.2. The Member who desires to inspect those documents must submit a written request for inspection to the Association and that request must state a reason for the requested inspection that is reasonably related to the Member's interests in the Association. The accounting books and records and the minutes of proceedings of an Association, and any information contained in those records may not be used or sold for a

commercial purposes or used for any other purpose that is not reasonably related to a Member's interests as a Member. Prohibited uses of the Association's membership list are set forth in Corporations Code section 8338 and the Association shall have the right, pursuant to Corporations Code section 8330 to offer a Member who is seeking access to the membership list an alternative method of achieving the Member's stated purpose without providing access to or a copy of the list, itself, so long as the Association presents its alternative method within ten (10) days following receipt of the Member's request.

(ii) Association's Right to Withhold Information. The Association has the right to withhold or redact information from the accounting books and records and the minutes of proceedings for any of the following reasons: (A) the release of the information is reasonably likely to lead to identity theft (i.e., the unauthorized use of another person's personal indemnifying information to obtain credit, goods, services, money or property); (B) the release of the information is reasonably likely to lead to fraud in connection with the Association; or (C) the information is privileged by law. However, except as provided by the attorney-client privilege, the Association may not withhold or redact information concerning the compensation paid to employees, vendors or contractors. Compensation information for individual employees shall be presented only by job classification or title, and not by use of the employee's name, social security number or other personal information.

(iii) Designation of Agent for Purposes of Inspection. A Member may inspect and copy those records that are open to Member inspection either in person or his or her duly appointed representative. If a Member designates another person to inspect and/or copy Association records that are open to Member inspect, that designation must be in writing.

(iv) Where Inspection Rights May be Exercised. The Association shall make the accounting books and records and the minutes of proceedings available for inspection and copying in the Association's business office within Lake Almanor Country Club or if there is no such office at a mutually agreeable location as established by the Association and the Member who requests the inspection; provided, however, that the Association has the right to satisfy the requirement to make the accounting books and records and the minutes of proceeding available for inspection and copying by mailing copies of the requested records to the Member by first-class mail within ten (10) days of receiving the Member's request.

(v) Cost of Copies. The Association may bill the requesting Member for its actual, reasonable costs for copying and mailing requested documents so long as the Association informs the Member of the amount of the copying and mailing costs before sending the requested documents. Except as otherwise provided in subparagraph (iii), above and in section 1368 of the Civil Code (which obligates associations to provide certain information to requesting members), nothing in this subparagraph (iv) shall be construed to obligate the Association to make copies of requested documents or to organize or compile specific information or categories of information sought by a requesting Member under circumstances where the Association has made the information available for inspection and copying by the Member or his or her agent.

(vi) Electronic Delivery of Information. Requesting parties shall have the option of receiving specifically identified records by electronic transmission or machine-readable storage media as long as those records can be transmitted in a redacted format that does not

allow the records to be altered. Under such circumstances, the cost of duplication for purposes of subsection (v), above, shall be limited to the direct cost of producing the copy of a record in that electronic format. The Association may deliver specifically identified records by electronic transmission or machine-readable storage media as long as those records can be transmitted in a redacted format that prevents the records from being altered.

(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. All Directors should consider their fiduciary obligations to act in good faith and in a manner the director believes to be in the best interests of the Association in determining what use and/or dissemination is to be made of information obtained in the director's exercise of his or her inspection rights.

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

Section 14.02. General Manager. The Board may, from time to time, employ the services of a 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 manager any of its day-to-day management and maintenance duties and powers under these Bylaws and the Declaration, provided that the manager shall at all times remain subject to the general control of the Board.

Section 14.03. Corporate Seal. The Association shall have a seal in circular form having within its circumference the words "Lake Almanor Country Club, Incorporated July 9, 1953, State of California."

Section 14.04. Roberts Rules of Order. In the event of a question or dispute concerning the procedural aspects of any meetings which cannot be resolved by reference to these Bylaws or applicable law, the matter shall be resolved by reference to Robert's Rules of Order.

Section 14.05. Amendment or Repeal of Bylaws. These Bylaws may be amended or revoked in any respect by the vote or assent by written ballot of the holders of not less than a majority of a quorum of the Voting Power of the Members. Notwithstanding the foregoing, the percentage of the Voting Power necessary to amend a specific clause or provision of these Bylaws shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause. Any vote to amend the Bylaws shall be conducted in accordance with the procedures pertaining to the use of secret ballots that are set forth in Section 7.05, subparagraphs (b) through (h), above.

Section 14.06. 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 seventy-two (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 of Directors 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 within Lake Almanor Country Club owned by such Member.

Section 14.07. Indemnification of Corporate Directors, Officers and Other Agents.

(a) Indemnification by Association of Directors, Officers, Employees and Other Agents. To the fullest extent permitted by law, the Association shall indemnify its directors, officers, committee members, 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 person described by that section. "Expenses," as used in this section, shall have the same meaning as in Corporations Code section 7237(a).

(b) 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 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 section 7237(b) or section 7237(c) has been met and, if it has, the Members present at the meeting in person or by proxy shall authorize indemnification.

(c) Advancement of Expenses. To the fullest extent permitted by law and except as is otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under paragraphs (a) and (b) of this section 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.

(d) 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 agent in such capacity or arising out of the director's, officer's, employee's or agent's status as such.

Section 14.08. 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.

ARTICLE XV
DISTRIBUTION OF PROPERTY UPON DISSOLUTION OF THE ASSOCIATION OR
CONDEMNATION OF ITS PROPERTIES

Each Membership in the Association shall include such interest in all the property owned by the Association as is represented by the ratio that the Lot owned by such Member (or percentage interest in such Lot in the case of multiple Memberships) bears to the total number of Lots owned by all Memberships in the Association; provided however, that during the term of the existence of the Association no Member shall have the right of distribution of any real or personal property held by or in the possession or control of the Association, except that in the event that any property owned by the Association shall be condemned by any proceedings in eminent domain, the award, or any portion thereof, received by the Association in any such proceedings may, within the discretion of the board of directors and when and as determined by the board, be distributed among the Members of the Association in accordance with the above ratio; provided however, that Members of the Association at the time of its dissolution shall, upon such dissolution, be entitled to distribution among its Members, of their respective pro rata shares of said assets on the basis of the above mentioned ratio. Any distribution shall be the net of any debts due the Association.

CERTIFICATE OF THE SECRETARY

The undersigned Secretary of Lake Almanor Country Club hereby certifies that the above and foregoing Bylaws, consisting of 40 pages, were duly adopted by the affirmative vote of a majority of a quorum of the Voting Power of the Members and these bylaws now constitute the Bylaws of the Association.

LAKE ALMANOR COUNTRY CLUB, a
California nonprofit mutual benefit corporation

By: _____
Ron Davey, Secretary
Date: July 28, 2007

Approved by Board of Directors: June 16, 2007
Approved by Membership: July 7, 2007
Amended by Membership July 5, 2008
Amended by Membership July 4, 2009

FIRST RESTATED BYLAWS
OF
LAKE ALMANOR COUNTRY CLUB

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