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RESTATED BYLAWS
OF
WHITNEY OAKS
COMMUNITY ASSOCIATION

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RESTATED BYLAWS
OF
WHITNEY OAKS
COMMUNITY ASSOCIATION

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**RESTATED BYLAWS
OF
WHITNEY OAKS
COMMUNITY ASSOCIATION**

ARTICLE 1 NAME AND LOCATION

The name of the corporation is Whitney Oaks Community Association (the "Association"). The principal office of the Association shall be located in Placer County, California or at such other place reasonably convenient to the Development within Placer County as the Board of Directors may from time to time establish.

ARTICLE 2 DEFINITIONS

2.1 Master CC&Rs. "Master CC&Rs" means the First Restated Master Declaration of Covenants, Conditions and Restrictions for Whitney Oaks, recorded on *****, as Instrument No. **** in the Official Records of Placer County, California, as such Master CC&Rs may from time to time be amended.

2.2 Other Definitions Incorporated by Reference. The terms defined in the Master CC&Rs shall have the same meaning when used herein unless the context clearly indicates a contrary intention.

ARTICLE 3 MEMBERSHIP AND VOTING

3.1 Membership. Membership in the Association shall include, and shall be limited to, all Owners of any Lot located within the Development. Membership shall be appurtenant to and may not be separated from ownership of a Lot. Upon becoming the Owner of a Lot, each Owner shall automatically be a Member of the Association and shall remain a Member until such time as his or her Lot ownership ceases for any reason. Membership in the Association shall not be transferred, encumbered, pledged, alienated, or hypothecated in any way, except upon the transfer or encumbrance of the Lot to which it is appurtenant and then only to the transferee or mortgagee, as the case may be, of such Lot. Any attempt to make a prohibited transfer is void. Upon any transfer of title to a Lot including a transfer upon the death of an Owner, Membership in the Association shall pass automatically to the transferee.

3.2 Voting. Members in Good Standing shall be entitled to cast one vote for each Lot owned. In the event more than one person owns a given Lot, the vote for such Lot shall be exercised as the Owners among themselves shall determine, but in no event shall more than one vote be cast with respect to any Lot. If the joint Owners of a Lot are unable to agree among themselves as to how their vote or votes are to be cast, such vote shall be cast in accordance with the decision of a majority of such Owners. If there is no such majority, the vote for the Lot shall not be cast either in favor of or opposed to the issue or issues which are the subject of the vote, but the membership shall be counted for purposes of determining whether the quorum requirements applicable to the vote or meeting have been met. If any Owner casts a vote representing a certain Lot and no written objection thereto is received by the Secretary prior to the close of voting, it will thereafter be conclusively presumed for all purposes that such Owner was acting with the authority and consent of the other Owners of that Lot. The vote at any meeting of the

Members may be by voice vote or by ballot as determined by the Board of Directors. In any election of Directors where the number of candidates does not exceed the number of Directors to be elected, the election of Directors may be accomplished in accordance with Section 6.3, unless prohibited by California law.

3.3 Adoption of Election Rules. The Board of Directors shall adopt rules that govern the Association's election procedures which shall include the minimum requirements specified in California Civil Code Section 5105 or comparable successor statute, as it may be amended from time to time.

3.4 Assignment of Membership Rights. A Member who has sold his or her Lot to a Contract Purchaser shall be entitled to assign to such Contract Purchaser his or her rights and privileges of membership in the Association and shall be deemed to have assigned to a Contract Purchaser who has assumed occupancy of the Member's Residence all rights of use and enjoyment of the Common Area. No assignment of any membership rights or privileges to a non-resident Contract Purchaser shall be binding, however, until the Board of Directors has been notified thereof in writing. Notwithstanding any assignment, until fee title to the Lot has been transferred of record, a Contract Seller shall remain liable for all assessments, fines, and other charges imposed by the Board and for compliance with the Governing Documents by all Residents of his or her Lot. Any Member who has leased or rented his or her Lot to another person or persons shall in all events be deemed to have assigned to his or her tenants all rights of use and enjoyment of the Common Area. It is the express purpose and intent of the provisions of this section to limit the right of use and enjoyment of the Common Area to Residents of the Development and their guests.

3.5 Record Dates. The record dates for notice of meetings of Members and voting shall be determined as follows:

3.5.1 The Board of Directors may fix a time not more than ninety (90) days and not less than ten (10) days preceding the date of any meeting of the Members as the record date for determining the Members entitled to notice of any such meeting. In the event no such record date is fixed by the Board of Directors, the record date for the determination of Members entitled to notice of any meeting shall be the close of business on the business day preceding the day on which notice is given or, if notice is waived, the close of business on the business day preceding the day on which the meeting is held. Only those persons or entities identified as Members in the records of the Association on the record date shall be entitled to notice of such meeting.

3.5.2 The Board of Directors may fix a time not more than sixty (60) days preceding the date of any meeting of the Members as the record date for determining the Members entitled to vote at any such meeting. In the event no such record date is fixed by the Board of Directors, the record date for the determination of Members entitled to vote at any meeting shall be the day of the meeting or, in the case of an adjourned meeting, the day of the adjourned meeting. Only Members in Good Standing as of the record date shall be entitled to vote at such meeting.

3.5.3 The Board of Directors may fix a time not more than sixty (60) days before the day on which the first written ballot is mailed or solicited as the record date for determining the Members entitled to cast written ballots with respect to any action proposed to be taken without a meeting pursuant to Section 4.10. In the event no such record date is fixed by the Board of Directors, the record date for the determination of Members entitled to cast written ballots with respect to any proposed action shall be the day on which the first written ballot is mailed or solicited. Only Members in Good

Standing as of the record date shall be entitled to receive written ballots and vote on the proposed action.

ARTICLE 4 MEETINGS OF MEMBERS

4.1 Annual Membership Meeting. The annual meeting of the Members shall be held during the month of November of each year, on a date and at a time and place to be designated by the Board of Directors, upon proper written notice to all of the Members, or at such other time as the Board may designate so long as an annual meeting is held during each calendar year.

4.2 Special Membership Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors or pursuant to the written request of Members entitled to cast at least five percent (5%) of the Total Voting Power.

4.3 Notice of Membership Meetings.

4.3.1 Written notice of each meeting of the Members shall be given by or at the direction of the Secretary or other person authorized to give notice of a meeting. Written notice shall be mailed by first class mail, postage prepaid, or otherwise delivered at least ten (10) days but not more than ninety (90) days before such meeting, to each Member who, on the record date for notice of the meeting, is entitled to vote at such meeting, except that in the case of a special meeting called pursuant to a written request of Members, notice of such special meeting shall be mailed or otherwise delivered within twenty (20) days after receipt of such written request by the Board, and the date of such special meeting shall be set by the Board and shall be not sooner than thirty-five (35) days nor later than ninety (90) days after the date of the Board's receipt of such written request.

4.3.2 Notice of meetings shall be addressed or otherwise delivered to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice. Notice of any meeting of Members shall specify the date, hour, and place of the meeting, and the general nature of those matters which the Board intends to present for action by the Members.

4.3.3 With respect to special meetings, only those matters referred to in such notice may be transacted. With respect to regular meetings, only those matters referred to in such notice may be transacted, except the Board of Directors may (a) briefly respond to statements or questions posed by those in attendance at the meeting; (b) ask a question for clarification, and (c) briefly report on his or her own activities. Notwithstanding the foregoing, any proper matter may be presented at the meeting for action by the Members if (a) the majority of the Board of Directors present at the meeting determines that an emergency situation exists, (b) upon two-thirds (2/3) vote of the Members present at the meeting, or, if less than two-thirds (2/3) of total membership of the Board is present, by a unanimous vote of the members present, that there is a need to take immediate action and that the need for action came to the attention of the Board after the agenda was posted and distributed, or (c) the item presented for action appeared on the properly noticed agenda for the prior meeting of the Board of Directors that occurred not more than thirty (30) days prior to the date that action is taken on the item, and at the prior meeting, action on the item was continued to the meeting at which the action was taken.

4.4 Conduct of Membership Meetings. All meetings of Members shall be conducted in accordance with a recognized system of parliamentary procedure, such as Robert's Rules of Order, or such parliamentary procedures as the Association may adopt. A reasonable time limit for all Members to speak at a meeting of the Members shall be established by the Board of Directors.

4.5 Place of Membership Meetings. Annual and special meetings shall be held at a location within the Development, or the Board may designate a convenient place located as close as reasonably practicable to the Development within the County of Placer.

4.6 Quorum. The presence at any meeting, in person or secret ballot, of Members entitled to cast at least twenty-five percent (25%) of the Total Voting Power shall constitute a quorum for the transaction of any business. If, however, such quorum shall not be present or represented at any meeting, the Members otherwise entitled to vote at that meeting shall have the power to adjourn the meeting from time to time, to be reconvened at a subsequent time, including the same day as the originally scheduled meeting, which is not more than thirty (30) days from the time of the adjourned meeting, without notice other than announcement at the meeting, until a quorum shall be present or represented. The quorum requirements of this section shall be subject to the Master CC&Rs and to any other provisions of the Governing Documents specifically establishing a different quorum requirement.

4.7 Vote of the Members. If a quorum is present, the affirmative vote of a majority of the voting power so present and voting on any matter (that is, a Simple Majority) shall constitute the act of the Members, unless the approval of a greater number or proportion of Members is required by any provision of the Governing Documents or of the law. The Members present at a meeting may continue to transact business until adjournment of the meeting notwithstanding the withdrawal of enough members to leave less than a quorum. Other than adjournment, any other action requiring a vote of the Members must be approved by at least a majority of the voting power required to constitute a quorum, or by such greater number as required by law or by the Governing Documents.

4.8 Disclosure of Voting Results. For a period of one (1) year following the conclusion of a meeting or vote by secret ballot of the Members, the Association shall, upon written request from a Member, inform the Member of the result of any particular vote of the Members taken at such meeting or by secret ballot, including the number of memberships voting for, the number of memberships voting against, and the number of memberships abstaining or withheld from voting in a particular vote. If the matter voted on was the election of directors, the Association shall report the number of memberships cast for each nominee for director.

4.9 Adjournment. Whether or not a quorum is present, any meeting of Members may be adjourned from time to time to be reconvened at a later time, subject to Section 4.6, by the vote of a majority of the Members at such meeting; however, in the absence of a quorum, no business other than adjournment may be transacted.

4.10 Action Without A Meeting.

4.10.1 Any action which may be taken at a regular or special meeting (including the election of Directors unless such elections are required by California law to be conducted by secret ballot in accordance with the procedures set forth in California Civil Code Sections 5105-5125 or comparable successor statute) may be taken without a meeting of the Members if the Association distributes a written ballot to every Member entitled to vote. The determination to seek Member approval for Association actions through the use of written ballots shall be made by a majority vote of the Board.

4.10.2 Written ballots distributed to the Members shall set forth the proposed action and provide an opportunity to specify approval or disapproval of the proposal. The written ballots shall provide a reasonable time within which to return the ballot to the Association. The Board shall have the power to extend, at its discretion, the date within which ballots must be returned if sufficient responses to establish a quorum are not received by the original deadline set for their return.

4.10.3 Approval by written ballot shall be valid only when the number of votes cast equals or exceeds the quorum that would be required if the action were taken at a meeting, and the number of approvals equals or exceeds the number of votes that would be required to approve the action if it were taken at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

4.10.4 The written ballot solicitation shall identify the number of responses needed to meet the quorum requirement and the percentage of approvals necessary to pass the measure submitted and shall specify the time by which the ballot must be received by the Association in order to be counted.

4.10.5 A written ballot, once cast, may not be revoked.

4.11 Voting by Secret Ballot. If required by California law (including without limitation California Civil Code Sections 5105-5125), elections regarding (a) Assessments, (b) selection of Directors, (c) removal of Directors, (d) amendments to the Governing Documents and (e) grants of exclusive use of Common Area property pursuant to California Civil Code Section 4600 shall be conducted by secret ballot in accordance with the procedures set forth in California Civil Code Sections 5105-5125 or comparable successor statute.

ARTICLE 5 BOARD OF DIRECTORS; QUALIFICATIONS; TERM OF OFFICE

5.1 Number of Directors. The affairs of the Association shall be managed by or under the direction of a Board of Directors, consisting of five (5) Directors.

5.2 Qualification and Disqualification of Directors.

5.2.1 Only Members are eligible to be elected or serve on the Board.

5.2.2 Only Members in Good Standing shall be eligible to be elected or serve on the Board. "Member in Good Standing" shall have the same meaning as in Section 1.39 of the Master CC&Rs, and shall mean a Member of the Association who is current in the payment of all dues, Assessments, fines, penalties, and other charges imposed in accordance with the Governing Documents, and who is in compliance with all of the provisions of the Governing Documents.

5.2.3 Only one Owner of a particular Lot may serve on the Board at any time.

5.2.4 A person shall be deemed disqualified to be elected to, or continue to serve on, the Board under the followings circumstances: (a) the person is found by a court of competent jurisdiction to be of unsound mind or has been convicted of a felony unless the felony has been expunged or overturned by the government; (b) the person fails within sixty (60) days after receiving notice of election to accept such office, either in writing or by attending a meeting of the Board of Directors as a Director; (c) the person

is absent, without an excuse approved by the Board, from three consecutive meetings of the Board; and (d) with respect to a Director who is or was a Member in Good Standing, the person ceases to be a Member in Good Standing, and therefore may be removed from the Board of Directors immediately.

5.3 Election and Term of Office.

5.3.1 The Directors shall be elected for a term of two (2) years on staggered terms with two (2) Directors elected in even numbered years, three (3) Directors elected in odd numbered years. There shall be no limit on the number of terms a Director may serve. Each Director shall serve until the expiration of his or her term and thereafter until a successor is elected, or until the earlier disqualification, death, resignation, or removal of such Director.

5.3.2 Any tie in the number of votes cast for candidates where one or more Directors is to be elected shall be decided by random drawing or other method of chance as determined by the Board of Directors.

5.4 Removal. Any Director may be removed from the Board, with or without cause, by the vote of a Simple Majority of the Members at a meeting, or by ballot, as may be required by California law, or any change in applicable law. No reduction of the authorized number of Directors shall have the effect of removing any Director prior to the expiration of his or her term of office.

5.5 Vacancies. A vacancy shall exist on the Board of Directors in the event of the disqualification, death, resignation, or removal of any Director, or if the authorized number of Directors is increased, or if the Members fail to elect the full authorized number of Directors. A reduction in the authorized number of Directors shall not cause removal of a Director prior to the expiration of his or her term. The Board of Directors, by a majority vote of the Directors who meet all of the qualifications for Directors as set forth in Section 5.2, above, may declare vacant the office of any Director who fails or ceases to meet any required qualification that was in effect at the beginning of that Director's current term of office. Further, the Board, by a majority vote of the Directors who meet all of the required qualifications to be a Director, may declare vacant the office of any Director who commits any of the following acts:

5.5.1 Fails to attend three (3) consecutive regularly scheduled meetings of the Board or fails to attend more than six (6) meetings of the Board, regular or special, within any twelve (12) month period;

5.5.2 Fails to comply with a duly approved action of the Board;

5.5.3 Fails to comply with the Association's governing documents having been provided proper notice and received a hearing on the matter at which the Board determines that a violation exists; or

5.5.4 Falls more than three (3) months in arrears in the payment of assessments.

5.6 Filling Vacancies. Any vacancy occurring on the Board, except a vacancy created by the removal of a Director, may be filled by approval of the Board, or if the number of Directors then in office is less than a quorum, by the vote of a majority of the remaining Directors at a meeting of the Board, or by unanimous written consent of the Directors then in office, or by a sole remaining Director. A Director so chosen shall serve the remainder of the term of office of the Director whom he or she replaces. The Members may elect a Director at any time to fill any vacancy not filled by the Directors. If the Board

accepts the resignation of a Director tendered to take effect at a future time, the Board, or if the Board fails to act, the Members, may elect a successor to take office when the resignation becomes effective.

5.7 Compensation. No Director shall receive compensation for any service he or she may render to the Association as a Director. However, upon approval by the Board, any Director may be reimbursed for his or her reasonable expenses actually incurred in the performance of his or her duties.

ARTICLE 6 NOMINATION AND ELECTION OF DIRECTORS

6.1 Nomination.

6.1.1 The Board shall adopt reasonable nomination procedures that comply with California law (including without limitation California Civil Code Section 5105-5125 or comparable successor statute) for the nomination of eligible candidates. Such procedures shall include, without limitation, a mechanism for any eligible Member to nominate himself or herself for election to the Board.

6.1.2 Any Member in Good Standing may place his or her name in nomination for election to the Board of Directors by following the procedure(s) set forth for self-nomination in the Association's election procedures.

6.1.3 All nominees shall meet the qualifications set forth in Section 5.2, above.

6.1.4 The Board shall include the name of each eligible nominee on the ballot.

6.2 Election of Directors. If required by California law (including without limitation California Civil Code Sections 5105-5125), Director elections shall be conducted by secret ballot in accordance with the procedures set forth in California Civil Code Sections 5105-5125 or comparable successor statute. The quorum for any such election shall be as stated in Section 4.6, above. The candidates receiving the largest number of votes shall be elected. There shall be no cumulative voting for election of directors.

6.3 Uncontested Election of Directors. If after the close of nominations the number of people nominated for the Board of Directors is equal to or less than the number of Directors to be elected, the Board may without further action declare that those nominated and qualified are elected to the Board. In such case, the Board of Directors shall notify the Members of its action. If the number of Directors so elected is less than the number of vacancies, the incoming Board of Directors shall fill the vacancy as provided for in Section 5.6, above.

ARTICLE 7 MEETINGS OF DIRECTORS

7.1 Organizational Board Meetings. Within thirty (30) days after each annual meeting of the Members, the Board of Directors shall hold a meeting for the purpose of organization, election of officers, and transaction of other business, as appropriate.

7.2 Regular Board Meetings. Regular meetings of the Board of Directors shall be held at least quarterly without notice to the Directors (if the day, time and place of regular Board meetings are established and announced during a Board meeting) at a place within the Development, or at a convenient place located as close as reasonably practicable to the Development within the County of Placer, and on a day and at a time as fixed from time to time by resolution of the Board, or upon proper notice which

conforms to the provisions of Section 7.5 of these Bylaws, at another place, day, and time as set forth in such notice.

7.3 Special Board Meetings. Special meetings of the Board shall be held when called by the President of the Association or by any two (2) Directors.

7.4 Emergency Board Meetings. The President or any two (2) Directors may call an emergency meeting of the Board. An "emergency meeting" is defined as a meeting held to address 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 the notice to Members required by Section 7.6. Emergency meetings shall not be conducted via electronic communication (i.e., email), except if all board members consent in writing to the usage of such electronic communication, and if the written consent is filed in the minutes of the meeting.

7.5 Notice to Directors. Except as otherwise provided in Section 7.2 of these Bylaws, notice of each meeting of the Board shall be communicated to the Directors by first class mail not less than four (4) days prior to the meeting or by (a) personal delivery, (b) telephone, including a voice messaging system or other system or technology designed to record and communicate messages, (c) facsimile, or (d) electronic mail or other electronic means, not less than forty-eight (48) hours prior to the meeting. In the event of an emergency meeting as provided in Section 7.4, strict adherence to the notice requirements of this section shall not be required provided that a reasonable effort to give notice to each Director shall be made taking into consideration the nature and circumstances of the emergency. Notice of a meeting need not be given to any Director who signed a waiver of notice or a written consent to holding the meeting, or an approval of the minutes thereof, whether before or after the meeting, nor must notice be given to any Director who attends a meeting without protesting, prior thereto or at its commencement, the lack of notice to that Director.

7.6 Notice to Members. Except for emergency meetings as provided for in Section 7.4 and executive sessions as provided for in Section 7.8, at least four (4) days prior written notice of the day, time, and place of each meeting of the Board, whether regular or special, shall be given to all Members by posting it in a prominent place or places within the Common Area and by mail to any Owner who has requested notification of Board meetings by mail at the address requested by the Owner. Notice of Board meetings may also be given by (a) mailing or delivery to each Residence, (b) by newsletter, or (c) by other means of communication reasonably designed to provide prior actual notice of such meeting. The notice shall contain the agenda for the meeting.

7.7 Open Meeting. Regular and special meetings of the Board shall be open to all Members of the Association, except when the Board meets in executive session pursuant to Section 7.8. A reasonable time limit for all Members to speak to the Board shall be established by the Board, which may limit Member commentary to a specific portion of the meeting.

7.8 Executive Session. The Board may meet in executive session to confer with legal counsel or to discuss and vote upon personnel matters, Member discipline, litigation in which the Association is or may become involved, and matters that relate to the formation of contracts between the Association and others. Except for emergency meetings conducted pursuant to Section 7.4, members shall be given notice of the time and place of a meeting that will be held solely in executive session at least two (2) days prior to the meeting. Notice shall be given by posting the notice in a prominent place or places within the common area and by mail to any Owner who had requested notification of board meetings by mail, or electronic mail, if such Owner consents. The notice shall contain the agenda for the meeting. In any matter relating to the discipline of a Member, the Board shall meet in executive session if requested to do so by that Member, and that Member and any other person whose participation is, in the judgment of the Board, necessary or appropriate shall be entitled to attend the executive session. The

Board shall also, at a Member's request, meet in executive session with such Member to discuss the Member's request to pay unpaid Assessments pursuant to a payment plan. Notwithstanding the preceding, the Board shall not in any way be obligated to accept or agree to any such payment plan.

7.9 Participation by Teleconference. Directors may participate in regular or special Board meetings through the use of conference telephone, electronic video screen communication or similar electronic transmission by and to the Association, to the extent permitted by law including without limitation California Corporations Code Section 7211(a)(6) provided that, if notice to the Members of the meeting is required pursuant to Section 7.6, at least one designated person must be physically present at the noticed location of the Board meeting as required by California law, as may be amended.

7.10 Quorum. A majority of the number of Directors then in office, but not less than two (2) Directors, shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly-held meeting at which a quorum is present shall be regarded as the act of the Board. Business may continue to be conducted if any action taken is approved by at least a majority of the Directors required to constitute a quorum notwithstanding the withdrawal of enough Directors to leave less than a quorum.

7.11 Minutes of Meetings of Directors.

7.11.1 Within thirty (30) days after the date of any meeting of the Board, the Board shall make available to the Members either (a) the minutes of that meeting as adopted by the Board, (b) those minutes as proposed for adoption which shall be marked to indicate draft status, or (c) a summary of the minutes. Any matter discussed in an executive session shall be generally noted in the minutes of the immediately following Board meeting which is open to the entire membership. To protect and preserve the confidential nature of executive sessions, minutes of executive sessions shall not be subject to inspection by the Members or others. Notwithstanding the foregoing sentence, executive session agendas shall be made available to members.

7.11.2 Copies of the minutes, proposed minutes, or summary of minutes shall be provided to any Member upon request and upon reimbursement of the Association's costs in providing such copies. The Board may, but shall not be required to, post the minutes of its meetings on an internet site.

7.11.3 Members shall be notified annually in writing either at the time that the pro forma budget required under California Civil Code Section 5300 is distributed or at the time of any other general mailing to the entire membership of the Association of their right to obtain copies of the minutes of meetings of the Board and how and where those minutes may be obtained. Commencing January 1, 2007, the minutes of Board meetings (other than executive session) shall be made permanently available to the Members of the Association.

ARTICLE 8 POWERS AND DUTIES OF THE BOARD OF DIRECTORS

8.1 Powers. In addition to such other powers as may be expressly set forth in the Governing Documents or provided by law, the Board of Directors shall have the power to:

8.1.1 Rules and Regulations. Adopt, publish, amend, repeal and enforce Rules and regulations (all of which shall be in writing) governing the administration, management, operation, use and occupancy of the Development, including without limitation the use

of the Common Area and facilities, the personal conduct of the Members and their tenants and guests within the Development and any other matter which is within the jurisdiction of the Association. The procedure for the adoption and modification of Rules by the Board with respect to the matters specified in Section 8.1.1.9 shall be as follows:

8.1.1.1 The Board shall provide written notice of a proposed new Rule, a change to an existing Rule or the repeal of an existing Rule, concerning matters specified in Section 8.1.1.9 (a "Rule Change"), to the Members at least thirty (30) days before adopting the same. The notice shall include the text of the proposed Rule Change and a description of the purpose and effect of the same. Notice is not required under this subsection 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.

8.1.1.2 A decision on a proposed Rule Change shall be made at a meeting of the Board, after consideration of any comments made by Members.

8.1.1.3 As soon as possible after making a Rule Change, but not more than fifteen (15) days after making the Rule Change, the Board shall deliver notice of the Rule Change to all Members. Members are deemed to have been notified of a Rule Change on delivery of notice of the Rule Change, or on enforcement of the resulting Rule, whichever is sooner. If the Rule Change was an emergency Rule Change made under Section 8.1.1.4, 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.

8.1.1.4 If the Board determines that an immediate Rule Change is required to address an imminent threat to public health or safety, or an imminent risk of substantial economic loss to the Association, it may make an emergency Rule Change. In such case, the notice specified in Section 8.1.1.1 shall not be required. An emergency Rule Change is effective for one hundred twenty (120) days, unless the Rule Change provides for a shorter effective period. A Rule Change made pursuant to this subsection may not be readopted pursuant to this subsection.

8.1.1.5 Notice required by this section is governed by Section 11.5.

8.1.1.6 Members may call for a special meeting of the Members in accordance with Section 4.2 to reverse a Rule Change adopted by the Board, provided that the written request for the same is delivered within thirty (30) days after the Members are notified of the Rule Change.

8.1.1.7 The Rule Change adopted by the Board may be reversed by the affirmative vote of at least a majority of the Total Voting Power. In lieu of calling the meeting described in this section, the Board may utilize a written ballot in accordance with Section 4.10. As soon as possible after the close of voting, but not more than fifteen (15) days after the close of voting, the Board shall provide notice of the results of the Member vote held pursuant to this section to every Member. This section does not apply to an emergency Rule Change made under Section 8.1.1.4.

8.1.1.8 A Rule Change reversed by the Members pursuant to Section 8.1.1.7 may not be readopted for a period of one (1) year after the date of the meeting reversing the Rule Change. Nothing in this section precludes the Board from adopting a different Rule on the same subject as the Rule Change that has been reversed.

8.1.1.9 Sections 8.1.1.1 through 8.1.1.8 shall only apply to a Rule that relates to one or more of the following subjects:

8.1.1.9.1 Use of the Common Area.

8.1.1.9.2 Use of a Lot, including any aesthetic or architectural standards that govern alteration of any improvements to a Lot.

8.1.1.9.3 Member discipline, including any schedule of monetary penalties for violation of the Governing Documents and any procedure for the imposition of penalties.

8.1.1.9.4 Any standards for delinquent Assessment payment plans.

8.1.1.9.5 Any procedures adopted by the Association for resolution of disputes.

8.1.1.9.6 Any procedures for reviewing and approving or disapproving a proposed physical change to a Lot or to the Common Area.

8.1.1.9.7 Procedures for elections.

8.1.1.10 The requirements of Section 8.1.1.1 through 8.1.1.8 shall not apply to any other actions of the Board, including without limitation the following:

8.1.1.10.1 A decision regarding maintenance of the Common Area.

8.1.1.10.2 A decision on a specific matter that is not intended to apply generally.

8.1.1.10.3 A decision setting the amount of a Regular or Special Assessment.

8.1.1.10.4 A Rule Change that is required by law, if the Board of Directors has no discretion as to the substantive effect of the Rule Change.

8.1.1.10.5 Issuance of a document that merely repeats existing law or the Governing Documents.

8.1.2 Contracts. Authorize any officer or officers to enter into any contract in the name of, or on behalf of, the Association. Unless expressly authorized by resolution of the Board, no officer shall have any power or authority to bind the Association or to render the Association liable for any purpose or on any account. No contract with any

person or entity to supply or furnish the Association with goods or services shall be for a term in excess of five (5) years except upon the prior affirmative vote or written consent of a Simple Majority of the Members. Any contract with a term in excess of one-year shall have a termination clause that allows the Association to terminate the contract, without cause, with notice of ninety (90) days or less.

8.1.3 Sanctions; Hearings; Continuing Violations. Impose any or all of the following sanctions, and conduct hearings, as indicated below:

8.1.3.1 Establish and impose fines, which shall be Enforcement Assessments as provided in Section 6.9 of the Master CC&Rs, for the infraction of any provision of the Governing Documents in accordance with a schedule of fines adopted by the Board and distributed to all Members pursuant to Section 8.2.10.

8.1.3.2 Suspend the voting or other membership rights and privileges of a Member, including the right to use the recreational facilities, if any, (a) during any period in which such Member shall be in default in the payment of any Assessment, fine or other charge levied by the Association, and (b) for any infraction of the Governing Documents.

8.1.3.3 Except as provided in Section 12.7 of the Master CC&Rs and Section 8.1.3.4 below, before any discipline is imposed upon a Member, the Board shall hold a meeting to consider the matter. At least ten (10) days prior to any Board meeting where the imposition of discipline upon a Member is to be considered, the Board shall provide written notice of the meeting to the Member by either personal delivery or first-class mail. The notice shall contain at least (a) the date, time and place of the meeting, (b) the nature of the alleged violation for which the Member may be disciplined, and (c) a statement that the Member has a right to attend the meeting and may address the Board at the meeting.

8.1.3.4 When corrective action is taken in emergency situations as specified in Section 12.7 of the Master CC&Rs:

8.1.3.4.1 The Board may act on its own initiative to schedule a hearing.

8.1.3.4.2 If the Board has not scheduled a hearing and the disciplined Member desires a hearing, the Member's written request therefor shall be delivered to the Association no later than ten (10) days following the date when the notice of the Board's disciplinary action is transmitted to the Member. The hearing shall be held within thirty (30) days following the receipt by the Board of the Member's request for a hearing.

8.1.3.4.3 If a hearing is scheduled or requested, any discipline already imposed shall be held in abeyance and shall become effective only if affirmed at the hearing.

8.1.3.4.4 Notification of all hearings shall be made in accordance with Section 8.1.3.3.

8.1.3.5 In the case of a continuing violation, the Board may deem such continuing violation to constitute two or more separate and distinct violations of the same Governing Document provision and may impose separate and successive sanctions for each such violation. However, the Board shall not impose a separate sanction for violation of the same provision more frequently than once per day.

8.1.3.6 If the Board imposes discipline upon a Member, the Board shall provide the Member with written notification of the disciplinary action, by either personal delivery or first-class mail, within fifteen (15) days following the action.

8.1.4 Manager. Engage the services of a manager or management company as either an employee or an independent contractor, and engage such other employees or independent contractors as the Board may deem necessary, and to prescribe their duties.

8.1.5 Professional Advisors. Consult with, seek the advice of, and reasonably rely on the advice of attorneys, accountants, and other professionals in carrying out its authority and responsibility under the Governing Documents and the law, and to pay for such professional services.

8.1.6 Investment of Reserve Funds. Invest Association reserve funds in prudent investments subject to the provisions of Section 8.2.5 of these Bylaws.

8.1.7 Entry for Repairs. Enter any Lot, whenever such entry is necessary, in the Board's sole discretion, in connection with the performance of any maintenance, repair, construction, or replacement for which the Association is responsible or which it is authorized to perform, including without limitation the authorization provided in Section 9.5 of the Master CC&Rs. Although under no obligation to do so, the Board, in its complete and sole discretion, may enter or may authorize the Association's agents to enter any Lot to effect emergency repairs where such repairs are necessary for safety reasons or to prevent or discontinue damage to the entered Lot, any other Lot or the Common Area. Such entry shall be made with as little inconvenience to the Residents as practicable and only upon reasonable advance written notice to the Resident of not less than 24 hours, except in emergency situations.

8.1.8 Property Taxes. Pay all real property taxes and assessments levied, if any, upon any property within the Development to the extent not separately assessed to the Owners. Such taxes and assessments may be contested or compromised by the Association provided that any such taxes are paid or that a bond insuring the payment is posted.

8.1.9 Mergers. To the extent permitted by law, participate in mergers and consolidations with other nonprofit mutual benefit organizations organized for the same purposes as this Association subject to Section 5.16 of the Master CC&Rs.

8.1.10 Association Property. Subject to the provisions of the Master CC&Rs, including any required approval of Members or Mortgagees, acquire, own, hold, convey, transfer, dedicate, or otherwise dispose of real or personal property consistent with the purposes and powers of the Association and the management, administration, and operation of the Development or the business and affairs of the Association, and grant and convey easements, licenses, and rights of way in, over, upon, or under the Common Area.

8.1.11 Indemnification of Agents. Indemnify and hold harmless, to the maximum extent permitted by California law, each person who is or at any time was a director, officer, employee, or agent of the Association or member of any committee appointed by the Board from and against any and all claims, liabilities, expenses, judgments, fines, settlements, and other amounts, as those terms are defined by California law, actually and reasonably incurred by any such person, and to which any such person shall become subject by reason of his or her being a director, officer, employee, or agent of the Association or member of any committee appointed by the Board.

8.1.12 Bank Accounts. Open bank accounts and designate signatories upon such bank accounts, subject to any restrictions set forth in the Governing Documents.

8.1.13 Borrowing. Borrow money in the name of the Association as provided in Sections 5.14 of the Master CC&Rs.

8.1.14 Other Powers and Duties. Exercise for the Association all powers, duties, and authority vested in or delegated to the Association and not reserved to the Members by other provisions of the Governing Documents, and undertake any action on behalf of the Association as the Board shall deem necessary or proper in furtherance of the purposes and powers of the Association and/or the interests of the Association and its Members.

8.1.15 Limitation of Powers. The powers of the Board shall be subject to the limitations set forth in the Governing Documents, including, without limitation, those contained in Article 5 of the Master CC&Rs. The Board shall not expend Association funds for Federal, State or local political activities unless the Board makes a finding that offsite activities or construction may have an adverse effect on the Whitney Oaks community or properties therein.

8.1.16 Determination of Good Standing. Determine, after notice to the Member and an opportunity for a hearing by the Board, that a Member is not a Member in Good Standing during any period in which the Member is in default in the payment of any assessment, fine, or other charge levied by the Board or is in violation of any provision of the Governing Documents. However, a Member shall not be denied any privileges of membership except upon an explicit finding by the Board of Directors, after notice and an opportunity for a hearing, that a Member is not a Member in Good Standing for specified reasons. A Member found by the Board to be not a Member in Good Standing shall be deemed to continue in that status until the Board shall make a determination, either upon the Board's own initiative or upon the request of the Member, that such Member is, once again, a Member in Good Standing of the Association.

8.2 Duties. It shall be the duty of the Board to:

8.2.1 Records and Minutes. Cause to be kept a complete record of all its acts and the corporate affairs, including an accurate and current record of the Members setting forth their names and addresses, adequate and correct books and records of account, and minutes of the proceedings of the Members, the Board, and committees of the Board, and to present a statement thereof to the Members at the annual meeting of the Members.

8.2.2 Pro Forma Budget. Prepare and distribute to the Members annually, not less than thirty (30) days nor more than ninety (90) days prior to the beginning of each fiscal year,

a pro forma operating budget which shall include all of the following and shall be accompanied by the form specified in California Civil Code Section 5570:

8.2.2.1 An estimate of the Association's revenue and expenses for such fiscal year on an accrual basis.

8.2.2.2 A summary of the Association's reserves based upon the most recent review or study conducted pursuant to law, based only on assets held in cash or cash equivalents which summary shall be printed in bold type and shall include all of the following:

8.2.2.2.1 The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component the Association is obligated to maintain, restore, repair, or replace;

8.2.2.2.2 A current estimate, as of the end of the fiscal year for which the study is prepared, of the amount of cash reserves necessary to maintain, restore, repair, or replace such major components;

8.2.2.2.3 The current amount, as of the end of the fiscal year for which the study is prepared, of accumulated cash reserves actually set aside to maintain, restore, repair, or replace such major components;

8.2.2.2.4 If applicable, the amount of funds received from either a compensatory damage award or settlement to the Association from any person or entity for injuries to property, real or personal, arising out of any construction or design defects, and the expenditure or disposition of funds, including the amounts expended for the direct and indirect costs of repair of construction or design defects. These amounts shall be reported at the end of the fiscal year for which the study is prepared;

8.2.2.2.5 The percentage of the amount of cash reserves necessary [per Subparagraph 8.2.2.2.2] that is represented by the amount of cash reserves actually set aside [per Subparagraph 8.2.2.2.3];

8.2.2.2.6 The current deficiency, if any, in reserve funding expressed on a per unit basis, calculated in accordance with California Civil Code Section 5565

8.2.2.2.7 A statement as to all of the following:

8.2.2.2.7.1 Whether the Board has determined to defer or not undertake repairs or replacement of any major component with a remaining life of 30 years or less, including a justification for the deferral or decision not to undertake the repairs or replacement;

8.2.2.2.7.2 Whether the Board, consistent with the reserve funding plan adopted pursuant to California Civil Code Sections 5550 and 5560, has determined or anticipates that the levy of one or more Special Assessments will be required to repair, replace, or restore any major component or to provide

adequate reserves therefor. If so, the statement shall also set out the estimated amount, commencement date, and duration of the assessment;

8.2.2.2.7.3 The mechanism or mechanisms by which the Board of Directors will fund reserves to repair or replace major components, including Assessments, borrowing, use of other assets, deferral of selected replacements or repairs, or alternative mechanisms; and

8.2.2.2.7.4 Whether the Association has any outstanding loans with an original term of more than one year, including the payee, interest rate, amount outstanding, annual payment, and when the loan is scheduled to be retired.

8.2.2.2.8 A general statement setting forth the procedures used for the calculation and establishment of reserves to defray the future cost of repair, replacement, or additions to those major components that the Association is obligated to maintain, restore, repair, or replace. The general statement shall include, but need not be limited to, reserve calculations made using the formula described in California Civil Code Section 5570 and may not assume a rate of return on cash reserves in excess of two percent (2%) above the discount rate published by the Federal Reserve Bank of San Francisco at the time the calculation was made. In lieu of the distribution of the pro forma operating budget, the Board may distribute a summary of such budget (which must be accompanied by the form specified in California Civil Code Section 5570) to all Members together with a written notice that the budget is available at the office of the Association or at another suitable location within the boundaries of the Development and that copies will be provided to a Member upon a Member's request and at the expense of the Association. If any Member so requests, the Association shall provide a copy of the pro forma operating budget to such Member by United States mail first-class postage prepaid, and such copy shall be mailed within five (5) days of such request. The written notice that is distributed to each Association Member as set forth herein shall be set forth in at least 10-point bold type on the front page of the summary of the budget.

8.2.3 Reserve Study. Cause to be conducted, at least once every three (3) years, a reasonably competent and diligent visual inspection of the accessible areas of the major components which the Association is obligated to repair, replace, restore or maintain as part of a study of the reserve account requirements of the Development if the current replacement value of such major components is equal to or greater than one-half of the gross budget of the Association for the fiscal year, excluding the Association's reserve account for that year. The Board shall review the reserve study (or cause it to be reviewed) annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review. The reserve study required by this section shall include the minimum requirements specified in California Civil Code Sections 5550-5560 or comparable successor statute.

8.2.4 Reserve Funds. Not expend funds designated as reserve funds for any purpose other than the maintenance, restoration, repair, or replacement of, or litigation involving the maintenance, restoration, repair, or replacement of, major components which the Association is obligated to maintain, restore, repair, or replace and for which the reserve fund was established. The Board may, however, authorize a temporary transfer of money from a reserve fund to the Association's general operating fund to meet short term cash flow requirements or other expenses, so long as the Board has made a written finding, recorded in the Board's minutes, explaining the reasons that the transfer is needed and describing when and how the money will be repaid to the reserve fund, and that any such transferred funds shall be restored to the reserve fund within one year of the date of the initial transfer, except as otherwise expressly provided by law. The Board shall exercise prudent fiscal management in maintaining the integrity of the reserve account.

8.2.5 Investment of Reserve Funds. Manage and invest Association reserve funds in a prudent manner designed to achieve the primary objective of preserving principal while realizing a reasonable return and to assure the availability of funds as they are needed based upon the most recent reserve fund study obtained by the Board as provided in these Bylaws and by law.

8.2.6 Review of Accounts. Review the Association's operating and reserve accounts at least in accordance with the following minimum requirements:

8.2.6.1 Review a current reconciliation of the Association's operating accounts on at least a quarterly basis;

8.2.6.2 Review a current reconciliation of the Association's reserve accounts on at least a quarterly basis;

8.2.6.3 Review, on at least a quarterly basis, the current year's actual reserve revenues and expenses compared to the current year's budget;

8.2.6.4 Review the latest account statements prepared by the financial institutions where the Association keeps its operating and reserve accounts; and

8.2.6.5 Review an income and expense statement for the Association's operating and reserve accounts on at least a quarterly basis.

As used in this subsection, the term "reserve accounts" shall mean monies that the Board has identified in its annual budget for use to defray the future costs of repair or replacement of, or additions to, those major components which the Association is obligated to maintain, restore, repair, or replace.

8.2.7 Annual Financial Statements.

8.2.7.1 Cause an annual report to be prepared not later than one hundred twenty (120) days after the close of the Association's fiscal year. Such annual report shall contain in appropriate detail (a) a balance sheet as of the end of the fiscal year, (b) an income statement for such fiscal year, (c) a statement of changes in financial position for such fiscal year, (d) a statement of the place where the names and addresses of the current Members are located, and (e) any information required by California Corporations Code Section 8322.

The annual report shall be accompanied by any report of independent accountants, or, if there is no such report, by a certificate of an authorized officer of the Association that the statements were prepared without audit from the books and records of the Association. The latest annual report shall be sent to any Member promptly upon his or her written request.

8.2.7.2 For any fiscal year in which the gross income to the Association exceeds \$75,000, distribute to all Members of the Association within one hundred twenty (120) days after the close of such fiscal year a review of the financial statements of the Association prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy.

8.2.8 Notification Regarding Insurance Coverage. In accordance with California Civil Code Section 5300, not less than thirty (30) days nor more than ninety (90) days immediately preceding the beginning of the Association's fiscal year, prepare and distribute to all Members a summary of the Association's property, general liability, earthquake and flood and fidelity insurance policies, if any. The summary shall include the name of the insurer, the type of insurance, the policy limits of the insurance, and the amount of deductibles, if any. The Association's disclosure obligations may be satisfied by distributing to the Members a copy of the insurance policy declaration page, so long as that page presents the information specified in the preceding sentence. As soon as reasonably practicable, the Association shall notify the Members by first-class mail if any of the policies described above have lapsed, been canceled, and are not immediately renewed, restored, or replaced, or if there is a significant change, such as a reduction in coverage or limits or an increase in the deductible for any of those policies. If the Association receives any notice of nonrenewal of a policy described above, the Association shall immediately notify the Members if replacement coverage will not be in effect by the date the existing coverage will lapse.

The summary distributed pursuant to this section shall contain the statement required by California Civil Code Section 5300, or any successor statute. The statement shall be printed in at least 10-point boldface type or as otherwise required by law.

8.2.9 Annual Notifications to Members. Distribute to the Members annually:

8.2.9.1 A statement describing the Association's policies and practices in enforcing lien rights and other legal remedies for default in payment of assessments as required by California Civil Code Section 5310. This statement shall be distributed not less than thirty (30) days nor more than ninety (90) days immediately preceding the beginning of the Association's fiscal year.

8.2.9.2 A summary (1) of the statutory provisions relating to employing alternative dispute resolution procedures in certain matters with respect to enforcement of the Governing Documents which specifically references California Civil Code Sections 5925-5965 and which includes the language required by California Civil Code Section 5965 and (2) describing the Association's internal dispute resolution process as required by California Civil Code Section 5920. The summary shall be provided either at the time the budget required by Section 8.2.2 of these Bylaws is distributed or in the manner specified in California Corporations Code Section 5016.

8.2.9.3 A written notice regarding assessments and foreclosure required by California Civil Code Section 5730, or any successor statute. The notice shall be printed in at least 12-point type and shall be distributed within the sixty (60) day period preceding the beginning of the Association's fiscal year, or as otherwise required by law.

8.2.9.4 A notice and statement concerning the insurance carried by the Association as required by Section 8.2.8 of these Bylaws and California Civil Code Section 5300. This statement shall be distributed not less than thirty (30) days nor more than ninety (90) days immediately preceding the beginning of the Association's fiscal year.

8.2.9.5 A pro forma operating budget as required by Section 8.2.2 of these Bylaws and California Civil Code Section 5300, including the form specified in California Civil Code Section 5570. The pro forma operating budget shall be distributed not less than thirty (30) days nor more than ninety (90) days prior to the beginning of each fiscal year.

8.2.9.6 A statement explaining the Members' right to obtain copies of minutes of meetings of the Board as required by Section 7.11 of these Bylaws and by California Civil Code Section 5310. This statement may be distributed together with the pro forma operating budget specified in Section 8.2.2 of these Bylaws or at the time of any general mailing to the entire membership.

8.2.9.7 A notice of the Members' right to receive the annual report specified in Section 8.2.7.1. This notice may be distributed in any general mailing to the entire membership.

8.2.9.8 A notice of the Members' right to mail to the Association written notice of the Member's secondary address. The Member's written notice of his or her secondary address shall be mailed to the Association in a manner that shall indicate that the Association has received the Member's written notice. The notice to the Members shall be distributed together with the pro forma operating budget specified in Section 8.2.2 of these Bylaws.

8.2.9.9 Commencing January 1, 2009, a summary of the reserve funding plan adopted by the Board, as specified in paragraph (5) of subdivision (e) of California Civil Code Section 5560. The summary shall include notice to Members that the full reserve study plan is available upon request, and the Association shall provide the full reserve plan to any Member upon request.

8.2.10 Notification to Members Regarding Monetary Penalties. Adopt and distribute to each Member, by personal delivery or first-class mail, a schedule of fines that may be assessed against a Member for violations of the Governing Documents in compliance with California Civil Code Section 5850 if the Association has adopted or at any time adopts a policy imposing such fines. The schedule shall be in accordance with the disciplinary provisions of the Governing Documents, including Section 8.1.3 of the Bylaws. No subsequent distribution of the schedule is required unless the Board has made changes in the schedule since it was last distributed to the Members.

8.2.11 Notice of Assessments. Send written notice to each Owner in advance of each fiscal year of the regular assessment levied against his or her Lot for that fiscal year.

8.2.12 Notification of Assessment Increases. Provide notice to each Member, by first class mail, of any increase in the Regular Assessments or Special Assessments not less than thirty (30) nor more than sixty (60) days prior to such increased Regular Assessment or Special Assessment becoming due.

8.2.13 Collection of Assessments. Collect assessments levied by the Association by foreclosing the lien against any property for which assessments are not paid as required in the Master CC&Rs and/or by bringing an action at law against the Owner personally obligated to pay the same.

8.2.14 Certificate of Payment of Assessments. Issue, or cause an appropriate officer to issue, upon demand by any proper person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of such certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

8.2.15 Insurance. The Association, to the extent available, shall obtain and continue in effect, in its own name, the types of insurance set forth below:

8.2.15.1 Comprehensive General Liability Insurance. The Master Association shall cause to be maintained adequate comprehensive general liability insurance (including medical payments), with such limits as may be considered acceptable to FNMA, of at least one million dollars (\$1,000,000) covering all claims for personal injury and property damage arising out of a single occurrence, insuring against liability for bodily injury, death and property damage arising from the activities of the Master Association and its Members, with respect to the Common Areas and any other property under its jurisdiction. Coverage under this policy shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation maintenance or use for the Common Areas, legal liability arising out of lawsuits related to employment contracts of the Master Association, and such other risks as are customarily covered with respect to developments similar in construction, location and use (i.e. contractual and all-written contract insurance, employees liability insurance, comprehensive automobile liability insurance, etc.).

8.2.15.2 Fire and Casualty Insurance. The Master Association shall also cause to be obtained and maintain fire and casualty insurance with extended coverage, without deduction for depreciation, in an amount as near as possible to the full replacement value of the Common Facilities. Such insurance shall be maintained for the benefit of the Master Association, the Owners and the Mortgagees, as their interests may appear as named insureds, subject, however, to loss payment requirements as set forth herein.

8.2.15.3 Other Insurance and Bond Coverage. The Master Association shall purchase such other insurance, as necessary, including, but not limited to, errors and omissions, directors, officers and agents' liability insurance, plate glass insurance, medical payments, malicious mischief, liquor liability and vandalism insurance, fidelity bonds and workers' compensation, and such other risks as shall customarily be covered with respect to projects similar in construction, location and use. Fidelity bond coverage, as set forth below, must be obtained, if reasonably available, by or on behalf of the Master Association for any person handling funds of the Master Association, including, but not limited to, officers,

directors, trustees and employees of the Master Association, whether or not such persons are compensated for their services. The aggregate amount of such fidelity bonds shall not be less than a sum equal to three months' aggregate Common Assessments on all Lots and Parcels in the Property, plus the amount of the Reserve Funds.

8.2.15.4 Compliance with Mortgage Requirements. Notwithstanding any other provision herein, the Master Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond, meeting the insurance and fidelity bond requirements established by any federal agency, as applicable, so long as any such entity is an Owner of a Lot or Mortgagee, guarantor or insurer of a Mortgage on a Lot in the Development and has filed with the Board a written request that the Master Association conform with such insurance requirements, except to the extent such coverage is not available or has been waived in writing by the requiring federal agency as applicable. Certificates of insurance shall be issued to each Owner and Mortgagee upon written request.

8.2.15.5 Waiver of Claims Against Master Association. As to all policies of insurance maintained by or for the benefit of the Master Association and the Owners, the Master Association and the Owners hereby waive and release all claims against one another, the Board to the extent of the insurance proceeds available, whether or not the insurable damage or injury is caused by the negligence of, or breach of any agreement by, any of such persons.

8.2.15.6 Notice of Expiration Requirements. If available, all of the policies of insurance maintained by the Master Association shall contain a provision that such policy or policies shall not expire or be canceled, terminated or materially modified without at least 30 days' prior written notice to the Board. Beneficiaries, guarantors or insurers of first Mortgages and Owners who have filed a written request with the carrier for such notice, and every other person in interest who requires such notice of the insurer. The Master Association shall also comply with the requirements imposed by California Civil Code Section 5300 (or comparable successor statute) that Members be furnished with periodic summaries of the insurance coverages maintained by the Master Association and notice of certain cancellations of coverage.

8.2.15.7 Insurance Premiums. Insurance premiums for any insurance coverage obtained by the Master Association and any other insurance deemed necessary by the Board shall be a common expense to be included in the Assessments levied by the Master Association and collected from the Owners.

8.2.15.8 Trustee for Policies. The Master Associations, acting through its Board, is hereby appointed and shall be deemed trustee of the interests of all named insured under policies of insurance purchased and maintained by the Master Association. All insurance proceeds under any such policies as provided for in Section 8.2.15 shall be paid to the Board as trustees. The Board shall have full power to receive the proceeds of insurance maintained by the Master Association, so long as the proceeds are used for the repair or replacement of the property for which the insurance was carried. The Board is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers, with participation to the extent they desire, of first Mortgagees who have filed

written requests within 10 days of receipt of notice of any damage or destruction. Any two directors of the Master Association may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on all names insured. Notwithstanding the foregoing, the Board may select and name as an insured a representative, including a trustee with whom the Master Association may enter into an insurance trust agreement or any successor to such trustee, who shall have exclusive authority to negotiate losses under any policy providing for liability insurance and to perform such other functions as are necessary to accomplish this purpose.

8.2.15.9 Actions as Trustee. Except as otherwise specifically provided in this Master CC&Rs, the Board of Directors, acting on behalf of the Master Association and all Owners, shall have the exclusive right to bind such parties as to all matters affecting insurance carried by the Master Association, the settlement of a loss claim, and the surrender, cancellation, and modification of all such insurance, in a manner satisfactory to 67 percent of the first Mortgagees (based upon one vote for each Assessment Unit allocated to the Lot pledges as security for the respective first Mortgage) who have filed requests. Duplicate originals or certificates of all policies of fire and casualty insurance maintained by the Master Association and of all renewals thereof, together with proof of payment of premiums, shall be delivered by the Master Association to all Mortgagees who have requested the same in writing.

8.2.15.10 Annual Insurance Review. The Board shall review the insurance carried by or on behalf of the Master Association, at least annually, for the purpose of determining the amount of the casualty and fire insurance referred to in Section 8.2.15.2 above. If economically feasible, the Board shall obtain a current independent evaluation of the full replacement value of the Improvements on the Common Area, except for foundations and footings, without deduction for depreciation, prior to each such annual review. That evaluation may also be performed in the context of the Master Association capital replacement reserve analysis of Common Facilities.

8.2.15.11 Required Waiver. All policies of physical damage insurance shall provide, if reasonably possible, for waiver of the following rights to the extent that the respective insurers would have the rights without such waivers.

8.2.15.11.1 Subrogation. Subrogation of claims against the Owners, tenants of the Owners, and officers and directors of the Master Association.

8.2.15.11.2 Co-Insurance. Any defense based upon coinsurance.

8.2.15.11.2.1 Set-Off. Any right of set off, counterclaim, apportionment, proration or contribution by reason of other insurance carried by the Master Association.

8.2.15.11.2.2 Neglect. Any invalidity, other adverse effect or defense on account of any breach of warranty or condition cause by the Master Association, any Owner or any tenant of any Owner, or arising from any act, neglect or omission of any named insured or the respective agents, contractors and employees of any insured.

8.2.15.11.2.3 Right to Rebuild. Any right of the insurer to repair, rebuild or replace, and, if the Improvement is not required, rebuild or replace following loss, any right to pay under the insurance an amount less than the replacement value of the Improvements insured.

8.2.15.11.2.4 Notice of Owner Assignment. Notice of the assignment of any Owner of his or her interest in the insurance by virtue of a conveyance of any Lot.

8.2.15.11.2.5 Assignment of Mortgage. Any right to require any assignment of any Mortgage to the insurer.

8.2.15.12 Owner's Insurance. Each Owner shall maintain such insurance as he or she deems advisable with respect to his or her individual Lot and the Improvements thereon. The Master Association shall have no responsibility for the insurance, repair or replacement of Improvements on any Lot.

ARTICLE 9 OFFICERS AND THEIR DUTIES

9.1 Enumeration of Officers. The officers of the Association shall be a President, a Vice-President, Secretary and a Chief Financial Officer, who shall at all times be members of the Board of Directors, and such other officers as the Board of Directors may, from time to time, by resolution appoint.

9.2 Election of Officers. The Board of Directors shall elect the officers. The election of officers shall take place at the first meeting of the Board of Directors following their election.

9.3 Term. The officers of this Association shall be elected annually by the Board, and each shall hold office for one (1) year, unless he or she shall sooner resign, be removed by the Board, or otherwise be disqualified to serve. In the event that an officer fails, for any reason set forth in the preceding sentence, to hold office for one (1) year, his or her successor shall hold office for the remaining term of his or her predecessor.

9.4 Special Appointments. The Board may elect 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 the Board may, from time to time, determine.

9.5 Resignation and Removal. Any officer may be removed from office, with or without cause, by the Board. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

9.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he/she replaces, subject to the Board's right to remove an officer.

9.7 Multiple Offices. The offices of Vice President and Chief Financial Officer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices, except in the case of special offices created pursuant to Section 9.4 of this Article.

9.8 President. The President shall be the Chief Executive Officer of the Association and shall, subject to control of the Board, have general supervision, direction, and control of the affairs and the other officers and the employees and agents of the Association. The President shall preside at all meetings of the Members and at all meetings of the Board, shall have the general powers and duties of management usually vested in the office of the President of an Association, and shall have such other powers and duties as may be prescribed by the Board and the Bylaws, subject, however, to any limitations contained in the Master CC&Rs.

9.9 Vice President. 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 of the powers of, and be subject to all of the restrictions upon, the President. The Vice President shall have such other powers and perform such other duties as, from time to time, may be prescribed by the Board.

9.10 Secretary. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board may prescribe, a current register showing names of Members and their addresses; a book of minutes of all meetings of Directors, Members, and Committees of the Board setting forth the time and place of holding of such meetings; whether regular or special, and if special, how authorized; the notice thereof given; the names of those present at Directors or Committee meetings; the number of memberships and votes present or represented at Members meetings; and all the proceedings thereof. The Secretary shall give, or cause to be given, notice of all meetings of the Members and of the Board required by the Bylaws or by law to be given and shall maintain a proper record of the giving of such notice, and shall keep the books, records, and documents 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 the Bylaws.

9.11 Chief Financial Officer. The Chief Financial Officer (who may be referred to as the Treasurer) shall be responsible for the receipt and deposit in appropriate accounts of all monies of the Association and shall cause disbursement of such funds as directed by resolution of the Board; may sign all checks and promissory notes of the Association; shall cause to be kept proper books of account; shall cause an annual review of the Association's books and financial statements to be made by a public accountant at the completion of any fiscal year for which such review is required by law or as determined by the Board; shall assist the Board in preparation of an annual budget and a statement of income and expenditures to be presented to the Members of the Association as provided by law; and shall have such other powers and perform such other duties as may be prescribed by the Board.

ARTICLE 10 COMMITTEES

10.1 Committees of the Board. Any "Committee of the Board" (that is, a committee consisting only of Directors, as referred to in California Corporations Code Section 7212) shall consist of at least two (2) Directors and shall have such powers and duties as the Board shall determine, subject to the limitations of California Corporations Code Section 7212.

10.2 Working Committees. The Board may appoint working committees consisting of at least one person who is not a Director. Directors may be members of committees created pursuant to this section provided that fewer than a majority of Directors then in office serve on any one such committee. Such committees shall report on their activities to the Board from time to time as directed by the Board and shall operate under the supervision of and at the direction of the Board. No working committee shall have the authority to enter into contracts or otherwise act on behalf of the Association. The Board of Directors shall have the right at any time, in its complete discretion, to disband any working committee or remove any member thereof.

10.3 Compensation of Committee Members. No committee member shall receive compensation for any service he or she may render to the Association as a committee member. However, upon approval by the Board, any committee member may be reimbursed for his or her reasonable expenses actually incurred in the performance of his or her duties.

ARTICLE 11 BOOKS, RECORDS AND FUNDS

11.1 Access to Association Records. Association records shall, to the extent required by California law, be available for inspection by any Member. The Governing Documents shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost. The Board may adopt and publish reasonable rules and regulations establishing procedures relating to a Member's inspection and obtaining copies of Association records.

11.2 Checks, Drafts, and Evidences of Indebtedness. All checks, drafts, or other orders for payment of money and all notes or other evidences of indebtedness, issued in the name of the Association shall be signed or endorsed by the president and chief financial officer or by such persons and in such manner as from time to time, shall be determined by resolution of the Board.

11.3 Funds and Deposits. Any funds of the Association shall be deposited to the credit of the Association in such banks or other depositories as the Board shall, from time to time, determine.

11.4 Fiscal Year. The fiscal year of the Association shall run from January 1 through December 31 of each year unless otherwise determined by resolution of the Board.

11.5 Delivery of Documents to Members.

11.5.1 Document Distribution. All notices and documents distributed by the Association to the Members shall be delivered by one or more of the following methods:

11.5.1.1 Personal delivery.

11.5.1.2 First-class mail, postage prepaid, addressed to a Member at the address last shown on the books of the Association or otherwise provided by the Member. Delivery is deemed to be complete on deposit into the United States mail.

11.5.1.3 E-mail, facsimile, or other electronic means, if the Member has agreed to that method of delivery. If a document is delivered by electronic means, delivery is complete at the time of transmission.

11.5.1.4 By publication in a periodical that is circulated primarily to Members of the Association.

11.5.1.5 If the Association broadcasts television programming for the purpose of distributing information on Association business to its Members, by inclusion in the programming.

11.5.1.6 A method of delivery provided in a Recorded provision of the Governing Documents.

11.5.1.7 Any other method of delivery, provided that the Member has agreed to that method of delivery.

11.5.2 Delivery With Other Association Materials. A document may be included in or delivered with a billing statement, newsletter, or other document that is delivered by one of the methods provided in Section 11.5.1.

11.5.3 Delivery Procedures in Unrecorded Governing Documents. For the purposes of this Section 11.5, an unrecorded provision of the Governing Documents providing for a particular method of delivery does not constitute agreement by a Member to that method of delivery.

ARTICLE 12 AMENDMENTS

12.1 Amendments by Members. These Bylaws may be amended by the affirmative vote or written consent of Members representing at least an Absolute Majority, which shall mean a majority of the Total Voting Power of the Association pursuant to Section 1.1 of the Master CC&Rs.

12.2 Amendment by Board of Directors. Certain provisions of these Bylaws reflect legal requirements prescribed by Federal law, California law, and other governmental statutes and regulations. In the event that any such laws, statutes or regulations are amended, revoked, or supplemented, the Board of Directors may, by the affirmative vote of a majority of the directors present at a meeting at which a quorum has been established, amend the Bylaws to reflect the underlying law, statute or regulation. The purpose of this provision is to provide the Members with notice of current legal requirements which affect their rights and obligations as they pertain to their Lot and membership within the Association.

12.3 Restatement of Bylaws. The Board of Directors may, by the affirmative vote of a majority of the directors present at a meeting at which a quorum has been established, restate the Bylaws when they have been properly amended pursuant to this Article 12. Any such restatement shall supersede any prior bylaws and amendments in their entirety unless otherwise provided. Such restatement may also:

12.3.1 Add, delete, or rearrange the text of the Bylaws to maintain consistency with any amendments including, but not limited to, altering the title and numbering of the restatement;

12.3.2 Delete material that is no longer legally effective; and

12.3.3 Add text which indicates that the Board of Directors has authorized the restatement and otherwise describes the background of the Development and the restatement process.

ARTICLE 13 MISCELLANEOUS

In the case of any conflict between the Articles and these Bylaws, the Bylaws shall control. In the case of any conflict between the Master CC&Rs and these Bylaws, the Master CC&Rs shall control.


CERTIFICATE OF AMENDMENT AND ADOPTION

I hereby certify that:

- A. I am the Secretary of the Whitney Oaks Community Association.
- B. The preceding Restated Bylaws of Whitney Oaks Community Association, consisting of 26 pages, were duly approved by the required vote of the members of the Whitney Oaks Community Association.
- C. The preceding Restated Bylaws now constitute the Bylaws of the Whitney Oaks Community Association.

Executed:

March 19, 2015


SHARON THEOFELIS

, Secretary

(Print Name)