

SECOND AMENDED AND RESTATED BYLAWS
OF
DESERT SHADOWS RV RESORT OWNERS ASSOCIATION, INC.

NOTICE:

If this document contains any restriction based on age, race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, veteran or military status, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code by submitting a “Restrictive Covenant Modification” form, together with a copy of the attached document with the unlawful provision redacted to the county recorder’s office. The “Restrictive Covenant Modification” form can be obtained from the county recorder’s office and may be available on its internet website. The form may also be available from the party that provided you with this document. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

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SECOND AMENDED AND RESTATED BYLAWS
OF
DESERT SHADOWS RV RESORT OWNERS ASSOCIATION, INC.

ARTICLE I
RECITALS

1.1. Name of Association. The name of this corporation is Desert Shadows RV Resort Owners Association, Inc., and it shall be referred to in these bylaws as the "Association."

1.2. Association Is Nonprofit. The Association is a nonprofit mutual benefit corporation, subject to the Nonprofit Mutual Benefit Corporation Law.

1.3. Specific Purpose. The specific and primary purpose of this Association shall be to repair, maintain, and manage the Common Area and other improvements and components within that certain common interest development located in the County of Riverside, State of California, and commonly referred to as the Desert Shadows RV Resort, to enforce the Declaration and the Rules and Regulations adopted from time to time by the Board of Directors, and otherwise to enhance and promote the use and enjoyment of the development by the Owners in common.

ARTICLE II
DEFINITIONS

2.1. Declaration. The term "Declaration" means all restrictions, covenants, terms, liens, easements and conditions set forth in the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions recorded in the Office of the Riverside County Recorder with respect to the Property as Instrument No. _____, Official Records of said County, as supplemented, amended or modified by a document duly recorded in the Recorder's Office.

2.2. Person. The term "Person" means and includes any individual, corporation, partnership, association or other entity recognized by the laws of the State of California.

2.3. 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 III
MEMBERSHIP

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

3.2. Term of Membership. Each Owner who is a Member shall remain a Member until he or she no longer qualifies as such under Section 3.1. Upon the sale, conveyance or other transfer of an Owner's interest in a Lot, the Owner's membership interest appurtenant to the Lot shall automatically transfer to the Lot's new Owner(s).

3.3. Multiple Ownership of Lots. There shall be one membership vote for each Lot, no matter how many owners the Lot has. Accordingly, if more than one person owns a Lot, all of these persons shall be deemed to be one Member for voting purposes, although all such Owners shall have equal rights as Members to use and enjoy the Common Areas. The Secretary of the Association shall be notified in writing of the Owner designated by his or her Co-Owners as having the sole right to vote the membership on their behalf. If no such notification is received, the Secretary may accept the vote of any Owner of Record or proxy holder of such an Owner as the vote attributable to the Lot in question, provided that if the multiple Owners of a Lot attempt to vote the membership attributable to said Lot in an inconsistent fashion, the Secretary or other person or persons designated as inspectors of election by the Board of Directors may refuse to count any ballot from an owner of the Lot.

ARTICLE IV MEMBERSHIP VOTING

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

4.2. Member Voting Rights. On each matter submitted to a vote of the Members, whether at a meeting of the membership called and held pursuant to the provisions of these Bylaws or otherwise, each Member shall be entitled to cast one vote for each Lot owned by such Member. Single memberships in which two or more persons have an indivisible interest shall be voted as provided in Section 3.3 of these Bylaws.

4.3. Manner of Casting Votes.

(a) Voting at Membership Meetings. Voting at any membership meeting may be by voice or by ballot, provided that the voting in any election of directors, or on any matter identified in Civil Code Section 5100(a) shall be conducted by secret ballot pursuant to Civil Code Sections 5100-5145.

(b) Proxy Voting. Members may vote by a written proxy signed by the Member and filed with the Secretary of the Association. The proxy form and proxy holder must meet all legal requirements of California law.

(c) Majority Vote Required. If a quorum is present, the affirmative vote of the majority of the Members represented at the meeting 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, the Civil Code or by the Governing Documents. In the case of director elections, the candidates receiving the highest number of votes shall be elected to the vacant director positions, with those receiving the most votes filling the longest terms first, and then those with the next highest votes filling any less than full terms in order of the longest remaining terms going to those with the most votes, until there are no seats to be filled.

ARTICLE V MEMBERSHIP MEETINGS

5.1. Place of Meeting. Meetings of the Members shall be held at a location within the Property or at such other reasonable place within the County, or as close to the County as may be practical, and at such time as may be designated by the Board in the notice of the meeting.

5.2. Annual Meeting. An annual meeting of the Members shall be held at a date, time and place designated by the Board of Directors and set forth in the notice of meeting sent to the Members, provided that said date shall be within sixty (60) days following the beginning of the calendar year.

5.3. 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, or such persons who are entitled by California law, may call special meetings of the Members at any time for any lawful purpose.

(b) Procedures for Calling Special Meetings Requested by Members. If a special meeting is called by Members other than the Board of Directors or President, the request shall be submitted by such Members in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by electronic or facsimile transmission to the person designated in the Association's Annual Policy Statement. If no person has been designated, then the request shall be delivered to the President, any Vice President or the Secretary of the Association. If the request by the Members meets the legal requirements for calling and holding such special meeting, the Association shall cause notice to be promptly given to the Members entitled to vote, in accordance with the time frames required by California Law. The required content of the notice is described in Section 5.4 below.

Nothing contained in this subsection shall be construed as limiting, fixing or affecting the time when a meeting of Members may be held when the meeting is called by action of the Board of Directors or the President.

5.4. Notice of Members' Meetings.

(a) Requirement That Notice Be Given. Notice of all regular and special meetings of the Members shall be sent or otherwise given in writing to each Member.

(b) Time Requirements for Notice. The notice of membership meetings shall be given in the manner specified in subparagraph (d) of this Section 5.4, not less than ten (10) nor more than ninety (90) days before the date of the meeting. If notice is given by mail and the notice is not given by first class, registered, or certified mail, the notice 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. The notice of any membership meeting shall specify the place, date, and hour of the meeting. In the case of a special meeting, the notice shall also state the general nature of the business to be transacted, and no other business may in that case be transacted at the special meeting. In the case of a regular meeting, the notice shall also describe those matters that the Board 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 qualified candidates at the time the notice is given to the Members.

(d) Manner of Service. Notice of any meeting of Members shall be given either personally or by first class mail, or other written communication, addressed to each Member at the Member's address of record. 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.

(e) 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 of the giving of notice.

5.5. Quorum Requirements.

(a) Except as otherwise provided in these Bylaws, the presence in person, by proxy, or by secret ballot under Civil Code Section 5115, of at least one-third (1/3) of the Members shall constitute a quorum for purposes of taking action at a meeting of the Members.

(b) Effect of Departure of Members From Meeting. The Members present in person, by proxy, or by secret ballot under Civil Code Section 5115, at a duly called or duly held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, so long as any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum. If a quorum is never established for the meeting, a majority of those Members who are present in person or by proxy may vote to adjourn the meeting for not less than five (5) nor more than thirty (30) days, but no other action may be taken or business transacted.

5.6. Adjourned Meeting.

(a) Adjournment Generally. Any Members' meeting, annual or special, whether or not a quorum is present, may be adjourned to another place and/or time by the vote of the majority of Members present at the meeting either in person or by proxy. If any annual or special Members' meeting is adjourned due to the absence of a quorum as set forth in Section 5.5(a), the presence in person, by secret ballot, or by proxy, of twenty-five percent (25%) of the Members, shall constitute a quorum for such reconvened meeting. Unless there is an absence of a quorum (in which case no business other than adjournment may be transacted), the reconvened meeting may take any action that might have been transacted at the original meeting.

(b) Notice Requirements for Adjourned Meetings. When a Members' meeting is adjourned to another time or place, notice need not be given of the new meeting if the time and place of the adjourned meeting are announced at the meeting at which the adjournment is taken.

5.7. Waiver of Notice or Consent by Absent Members.

(a) Waivers and Consents Generally. If decisions are made or an action is otherwise taken by the Members at a meeting where a quorum is present, but for which proper notice was not given to all Members for whatever reason, the decisions or actions made at that meeting will be valid if, either before or after the meeting, each person entitled to vote who was not present at the meeting in person or by proxy consents to the meeting by signing (i) a written waiver of notice, (ii) a consent to holding the meeting, or (iii) an approval of the minutes. All such waivers, consents, or approvals shall be filed with the Association records or be made part of the minutes of the meeting.

(b) Effect of a Member's Attendance at a Meeting. Attendance by a Member or his or her proxy holder at a meeting shall also constitute a waiver of any objections such person

may have with respect to notice of that meeting, except when the Member or proxy holder attends the meeting for the sole purpose of objecting at the beginning of the meeting to the transaction of any business because of the inadequacy or illegality of the notice.

ARTICLE VI MEMBERSHIP RIGHTS

6.1. Use and Enjoyment of Common Areas by Members, Etc. Each Member and his or her tenants, invitees, family members and guests who also reside in the Member's Lot shall be entitled to the use and enjoyment of all Common Area within the Project, as set forth in the Declaration. All such persons shall be 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.

6.2. Association Rules and Regulations. The right of any person to use and enjoy the Common Area shall at all times be subject to the rules, limitations and restrictions set forth in these Bylaws, in the Declaration, and in the Association's published Rules and Regulations as promulgated by the Board from time to time.

6.3. Suspension of Membership Privileges. During any period in which a Member shall be in default in the payment of any assessment levied by the Association, the right of such Member and his or her tenants, invitees, family members and guests who also reside in the Member's Lot to use the Common Area may be suspended by the Board of Directors until such assessment has been paid. Such rights of a Member may also be suspended, after notice and hearing (as more particularly described in Civil Code section 5855), for a period not to exceed thirty (30) days, for any single infraction of any rules and regulations established by the Board of Directors.

6.4. "Good Standing" Defined. In order to be in "Good Standing," a Member must be current in the payment of all assessments, fines and other fees levied against the Member's Lot and not be subject to any suspension of membership privileges as a result of any disciplinary proceeding conducted in accordance with the Declaration and/or Bylaws.

ARTICLE VII BOARD OF DIRECTORS

7.1. General Association Powers. Subject to the provisions of the California Nonprofit Corporation Law, the Davis-Stirling Common Interest Development Act (California Civil Code Sections 4000 through 6150) and any limitations in any of the Governing Documents relating to action required to be approved by the Members, the business and affairs of the Association shall be vested in and exercised by the Association's Board of Directors. 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.

7.2. Number and Qualification of Directors. The Board of Directors shall consist of five (5) persons, who possess the following qualifications:

(a) All directors shall be Members. A person who is not a Member at the time of their nomination is disqualified from nomination. If title to a Lot is held by a legal entity that is not a

natural person, such as a corporation or a limited partnership, the governing authority of that legal entity may appoint a natural person to be a Member for purposes of this Section 7.2.

(b) All directors must be current in the payment of Regular and Special assessments. Additionally all nominees for a board seat must be current in the payment of regular and special assessments. Nominees may not be disqualified for nonpayment of fines, fines renamed as assessments, collection charges, or costs levied by a third party. Further, a nominee may not be disqualified if he or she has paid the regular or special assessment under protest; or if he or she has entered into a payment plan.

(c) Joint owners of Lots may not serve on the Board at the same time. A person is disqualified from nomination if the person, if elected, would be serving on the Board at the same time as another person who holds a joint ownership interest in the same Lot, and the other person is already properly nominated for the current election or an incumbent director.

(d) A nominee is disqualified if that person has been a member of the Association for less than one (1) year.

(e) A nominee is disqualified if that person discloses, or the Association is aware or becomes aware of, a past criminal conviction that would, if the person were elected, either prevent the Association from purchasing the fidelity bond or other dishonesty insurance coverage required by law or terminate the Association's existing fidelity bond or other dishonesty insurance coverage.

(f) No nominee may be disqualified for any of the above stated reasons (other than not being a Member), if he or she has not been provided the opportunity to engage in internal dispute resolution.

7.3. Term of Office. At each annual membership meeting, the Members shall elect directors to fill the vacancies of those directors whose terms then expire, and the term of each director so elected shall be two (2) years. There shall be no limitation on the number of consecutive terms to which a director may be reelected. Each director, including a director elected to fill a vacancy or elected at a special meeting of the Members, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified. If, for any reason, an annual meeting is not held or the directors are not elected at any annual meeting, the directors may be elected at any special meeting of the Members held for that purpose.

7.4. Determination of Election Results. Voting for the election of directors shall be by secret ballot. Cumulative voting is not permitted. The candidates receiving the highest number of votes for each seat 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 lot or by any method of determining the results by chance.

7.5. Nomination of Directors.

(a) **Nominating Committee.** Director nominations may be made by a nominating committee consisting of a chairperson, who may be a member of the Board of Directors, and two (2) or more Members of the Association. If a nominating committee is utilized, 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 that are to be filled.

(b) Request for Candidates. Prior to the Annual Meeting, the Association shall distribute a request-for-candidates form, seeking candidates for the Board. The form must be completed by the candidate and received by the Association by the deadline stated in the form in order for the candidate's name to be included on the ballot.

(c) Self-Nomination. Any Member may nominate himself or herself, by sending in a written statement to the Association of his or her intent to be a candidate by the deadline set forth in the call for candidates that shall be sent out by Association at least thirty (30) days prior to the deadline to submit nominations.

(d) Candidate Qualifications. To be eligible for nomination and election to the Board, a candidate must be certified by the Inspector of Election or Association Secretary that he or she is qualified to be a candidate, pursuant to Civil Code Section 5105, as set forth in Section 7.2 of these Bylaws and the Election Rules of the Association.

(e) Notification to Members of Candidates. The Members of the Association shall be notified of the qualified candidates at least thirty (30) calendar days prior to the date the secret ballots are mailed out to the Members. Said Member notification may be accomplished via General Notice, pursuant to Civil Code section 4045, or, if requested by a Member, Individual Delivery, pursuant to Civil Code section 4040.

(f) Elections by Acclamation. Should the Association desire to have the option of electing directors via acclamation, in the event the number of qualified candidates is equal to or less than the number of vacant seats to be filled at any election, the Board shall follow the requirements of Civil Code section 5103, or any successor statute. Such procedures shall supersede any contrary procedures set forth above.

7.6. 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 under paragraphs (c) and (d) below; (ii) an increase of the authorized number of directors; or (iii) the failure of the Members, at any meeting of Members at which any director or directors are to be elected, to elect the number of directors to be elected at such meeting.

(b) Resignation of Directors. Except as provided in this paragraph, any director may resign, and such resignation shall be effective on giving written notice to the President, the Secretary, or the Board 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; (iii) has been found by a final order or judgment of any court to have breached any duty under Corporations Code Sections 7233 and 7236 (relating to the standards of conduct of directors); (iv) fails to attend four (4) regular meetings of the Board of Directors that have been duly noticed in accordance with California law in any twelve (12) month period; or (v) the director has become delinquent in the payment of any assessment for a period in excess of forty-five (45) days.

(d) Authority of Board to Declare Vacancy. 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 fails or ceases to meet any required qualification that was in effect at the beginning of that director's current term of office or for any of the reasons set forth in Section 7.6(c). As to subdivision (v) of Section 7.6(c), the director who is delinquent for over forty-five (45) days shall be given a minimum of fifteen (15) days' written notice to pay any such delinquency, and only upon failure of such director to pay such delinquency shall the Board declare vacant the office such director.

(e) Authority of Members to Remove Directors. Except as otherwise provided in Section 7.6(c), any or all directors may be removed from office by the affirmative vote of a majority of the Members voting, constituting a quorum. For purposes of this section, a majority of all Members shall constitute a "quorum."

(f) Removal by Court Action. The County Superior Court may, in response to a suit filed by any director or the lesser of 20 Members or ten percent (10%) 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.

(g) Filling Vacancies. Vacancies on the Board of Directors may be filled by a majority vote of the remaining directors (if there are not enough remaining directors to constitute a quorum, then less than a quorum or even a sole remaining director may make the needed appointments), unless the vacancy is created through removal of a director, in which case the vacancy shall be filled by the affirmative vote of a majority of the Members represented in person or by proxy at a duly held meeting of the Members (at which a quorum is present). The Members may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors by an election at a duly held meeting of the Members. A director appointed to fill a vacancy on the Board shall hold office until the end of the term to which he or she is appointed.

(h) 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 BOARD MEETINGS

8.1. Place of Meetings. Regular and special meetings of the Board of Directors shall be held within the Property or at another place convenient to the Property. Except for emergency meetings, and meetings held solely in executive session, notice of the time and place of each Board meeting shall be given by General Notice, pursuant to Civil Code section 4920, at least four (4) days before the meeting. Notice of meetings to be held solely in executive session shall be given at least two (2) days before the meeting. All meeting notices shall include the agenda for the meeting.

(a) A meeting shall be defined as a congregation, at the same time and place, of a sufficient number of directors to establish a quorum of the Board, to hear, discuss, or deliberate upon any item of business that is within the authority of the Board, or a teleconference or videoconference, where a sufficient number of directors to constitute a quorum of the Board, in different locations, are connected by electronic means, through audio or video or both.

(b) A teleconference or videoconference meeting shall be conducted in a manner that protects the rights of Members of the Association. The notice of the meeting shall identify at

least one physical location so that Members of the Association may attend and at least one member of the Board of Directors, or a person designated by the Board, shall be present at that location, except for a meeting that will be held solely in executive session, or when gathering in person is unsafe or impossible because the association is in an area affected by any of the following conditions: (i) a state of disaster or emergency declared by the federal government; (ii) a state of emergency proclaimed by the California Governor; or (iii) a local emergency is proclaimed by a local governing body, as set forth in Civil Code Section 5450, or succeeding statute. Participation by Board members in a teleconference or videoconference meeting constitutes presence at that meeting as long as all Board members participating in the meeting are able to communicate with one another as well as Members of the Association speaking on matters before the Board.

(c) As used in this section, "item of business" means any action within the authority of the Board, except those actions that the Board has validly delegated to any other person or persons, managing agent, officer of the Association, or an Executive Committee comprising less than a majority of the directors.

(d) All meetings of the Board shall be conducted in accordance with a recognized system of parliamentary procedure, or such procedure as the Board may adopt.

8.2. Electronic Conferencing. Subject to Section 8.1 above, relating to teleconference and videoconference meetings, members of the Board may participate in a meeting through use of conference telephone, electronic video screen communications or other communication equipment. Participation in a meeting through the use of conference telephone pursuant to this section constitutes presence in person at that meeting as long as all members participating in the meeting are able to hear one another. Participation in a meeting through use of electronic video screen communication or other communications equipment (other than conference telephone) pursuant to this section constitutes presence in person at that meeting so long as each member participating in the meeting can communicate with all of the other members concurrently and each member is provided the means of participating in all matters before the Board, including, without limitation, the capacity to propose, or to interpose an objection to, a specific action to be taken by the Association.

8.3. Organizational Meeting of Directors. Immediately following each annual meeting of the Members, the Board of Directors shall hold a regular meeting for the purposes of organization and election of officers.

8.4. Other Regular Meetings. Other regular meetings of the Board shall be held at such time as shall from time to time be fixed by the Board of Directors and communicated to the Board members. Ordinarily, regular meetings shall be conducted monthly, though the Board may determine to meet less frequently, as appropriate.

8.5. Special Meetings of the Board.

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

(b) **Notice of Special Meetings.** Special meetings of the Board shall be held upon four (4) days' notice by first class mail or 48 hours' notice delivered personally or by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, facsimile, electronic mail or other electronic means. All such notices shall be given or sent to the director's address or telephone number as shown on the records of the Association.

8.6. Attendance by Members.

(a) Meetings Generally Open to Members. With the exception of executive sessions of the Board (see subparagraph (b) below), all meetings of the Board shall be open to Members of the Association. Provided, however, that non-director Members may participate in deliberations or discussions of the Board only when expressly authorized by a vote of a majority of the directors present at the meeting at which a quorum has been established.

(b) Executive Sessions. The Board may adjourn to, or meet solely in, executive session to consider litigation in which the Association is or may become a party, member discipline, personnel matters, matters relating to the formation of contracts with third parties or to meet with a Member, on the Member's request, regarding the Member's payment of Assessments, as specified in Civil Code section 5665. The Board shall adjourn to, or meet solely in, executive session to discuss member discipline, if requested by the Member who is the subject of the discussion. That Member shall be entitled to attend the executive session. The Board shall adjourn to, or meet solely in, executive session to discuss a payment plan pursuant to Civil Code section 5665. The Board shall adjourn to, or meet solely in, executive session to decide whether to foreclose on a lien pursuant to subdivision (b) of Civil Code section 5705.

(c) Emergency Meetings. An emergency meeting of the Board may be called by the President or by any two members of the Board other than the President, if there are 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 notice as required by this Article VIII.

8.7. 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 8.9. 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 (a) approval of contracts or transactions in which a director has a direct or indirect material financial interest, and (b) indemnification of directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors below a quorum, if any action taken is approved by at least a majority of the required quorum for that meeting, or such greater number as is required by these Bylaws, by the Articles, or by law.

8.8. Waiver of Notice. Any action taken at 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 start of the meeting.

8.9. Adjournment. A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place. If the meeting is adjourned for more than 24 hours, notice of adjournment to any other time or place shall be given prior to the time of

the adjourned meeting to the directors who are not present at the time of the adjournment. Except as provided above, notice of adjournment need not be given.

8.10. Action Without a Meeting. The Board of Directors shall not conduct a meeting via a series of electronic transmissions, including, but not limited to, electronic mail, except that electronic transmissions may be used as a method of conducting an emergency meeting if all members of the Board, individually or collectively, consent in writing to that action, and if the written consent or consents are filed with the minutes of the meeting of the Board. These written consents may be transmitted electronically.

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

9.1. Specific Powers. Without prejudice to the general powers of the Board of Directors set forth in Section 7.1, the directors shall have the power to:

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

(b) Appoint and remove all officers of the Association, the community manager of the Association ("Resort Manager"), if any, and other Association employees; prescribe any 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 subject to the provisions of the Declaration, governing the use of the Common Areas, Association Property, and Lots within the Property, and the personal conduct of the Members and their tenants, invitees, family members, and guests on the Common Areas and the Association Property, 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 the right to use any Common Areas; and rights and privileges to cable television and internet services (if the Association has in existence a bulk service agreement); provided notice and a hearing are provided as more particularly set forth in Civil Code section 5855.

(e) Enforce all applicable provisions of the Governing Documents relating to the control, management and use of the Lots, the Common Areas, and the Association Property, within the Project.

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

(g) Contract for and pay for maintenance, landscaping, utilities, materials, supplies, labor and services that may be required from time to time in relation to the Common Areas, the Association Property, and other portions of the Property which the Association is obligated to maintain.

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

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

(j) Delegate its duties and powers to the Officers of the Association or to committees established by the Board.

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

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

(m) Prepare budgets and maintain a full set of books and records showing the financial condition of the affairs of the Association in a manner consistent with generally accepted accounting principles, and at no greater than annual intervals prepare an annual financial report, a copy of which shall be delivered to each Member as provided in Section 12.6(f) of these Bylaws.

(n) Appoint a nominating committee for the nomination of persons to be elected to the Board and prescribe rules under which said nominating committee is to act, as described in Section 7.5.

(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, including members of the Architectural Control Committee described and constituted in accordance with the Declaration.

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

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

(r) Enter the Lots as necessary, subject to the notice requirements of the Declaration, in connection with construction, maintenance, or emergency repairs for the benefit of the Common Areas or the Owners in common.

9.2. Limitations on Powers. Without the vote or written assent of a majority of the Members voting, constituting a quorum, the Board of Directors shall not take any of the following actions:

(a) Enter into a contract with a third party for the furnishing of goods or services to the Common Area, Association Property, or the Association for a term longer than one (1) year.

This restriction shall not apply to (i) FHA or VA approved management contracts; (ii) public utility contracts in which the rates charged for materials or services are regulated by the Public Utilities Commission, provided that the term of the contract may not exceed the shortest term for which the supplier will contract at the regulated rate; (iii) prepaid casualty or liability insurance policies not to exceed three (3) years' duration, provided that the policies provide for short rate cancellation by the insured; (iv) agreements for cable or satellite dish television and internet services and equipment, not to exceed five (5) years' duration; (v) agreements for sale, lease, installation or service of burglar and fire alarm equipment, or laundry equipment, not to exceed five (5) years' duration; or (vi) agreements for the construction of capital improvements, where the capital improvement project is expected to take more than one (1) year to complete.

(b) Incur aggregate expenditures for capital improvements to the Common Area and the Association Property, in any fiscal year, in excess of ten percent (10%) of the budgeted gross expenses of the Association for that fiscal year.

(c) 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 year. Provided, however, that this limitation shall not apply to the sale or other disposition of Lots acquired by the Association in foreclosure proceedings.

(d) Borrow money and incur indebtedness for the purposes of the Association in an amount that would cause the total outstanding indebtedness of the Association to exceed ten percent (10%) of the Association's budgeted gross expenses for the current fiscal year.

(e) Determine not to engage the services of a professional community association management company or professional community association manager, or to otherwise self-manage the Association.

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

9.3. Duty to Distribute Annual Policy Statement. Within thirty (30) to ninety (90) days before the end of its fiscal year, the Board shall distribute an Annual Policy Statement that provides the Members with information about Association policies, as required by Civil Code section 5310, or any successor statute. The Annual Policy Statement shall be made available to the Members pursuant to Civil Code section 5320.

ARTICLE X COMMITTEES

10.1. Committees. The Board of Directors shall appoint an Architectural Control Committee, as provided in the Declaration, and Nominating Committee, as provided in these Bylaws. These two committees shall have the authority to act, independently from the Board, as provided for in the Declaration and these Bylaws. The Board also may designate by resolution other committees, as deemed appropriate in carrying out its purposes. The chair of each committee shall be selected by the Board of Directors. The committees shall act in an advisory capacity and the final decision in any matter shall be the Board's decision. The members of any committees shall serve at the pleasure of the Board and may be removed by the Board at any time without cause. Each committee shall keep regular minutes of their proceedings and report the same to the Board when required.

10.2. Effect of Committee Actions. Unless otherwise expressly provided in the Governing Documents or in the Board resolution authorizing and empowering a committee, all actions of any committee shall be considered advisory to the Board and no committee shall have any authority to spend Association funds, or otherwise bind the Association in any manner.

10.3. Executive Committees. By resolution adopted by a majority of the directors then in office, provided that a quorum is present, the Board may create one or more committees, each containing at least two or more directors, to serve at the pleasure of the Board and to take actions instead of the Board of Directors as Executive Committees/Committees of the Board. Any such Executive Committee, to the extent provided in the resolution of the Board, shall have the full authority of the Board with respect to matters as may be authorized by the Board in such resolution. Only directors may serve on such Executive Committees, and non-Board Members may not be appointed to Executive Committees.

ARTICLE XI OFFICERS

11.1. Officers. The Officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer. The Association may also have, at the discretion of the Board, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be appointed in accordance with the provisions of Section 11.3. One person may hold two or more offices, except that neither the Secretary nor the Treasurer, nor a Secretary/Treasurer if there is one, may serve concurrently as President. The President, Vice President, and Secretary shall be directors. The Treasurer may, but need not, be a director.

11.2. Election of Officers. The Officers of the Association, except such officers as may be appointed in accordance with the provisions of Sections 11.3 and 11.5, shall be chosen annually by majority vote of the Board at its organizational meeting following the annual meeting of the Members for the election of Directors, and each shall hold his or her office until he or she shall resign or shall be removed or otherwise disqualified to serve, or his or her successor shall be elected and qualified.

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

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

11.5. Resignation of Officers. Any Officer may resign at any time, by giving written notice to the Board, to the President, or to the Secretary. Any such resignation shall take effect on the date of receipt of such notice or at any later time specified in the written notice, and unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

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

11.7. President. The President shall be elected by the Board from among the directors. He or she 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 nonprofit mutual benefit corporation, together with such other powers and duties as may be prescribed by the Board or the Bylaws.

11.8. Vice President. Any 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.

11.9. Secretary. 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. The Secretary shall have such other powers and perform such other duties as may be prescribed by the Board or by the Bylaws.

11.10. Treasurer. The Treasurer shall be the chief financial officer who shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the property and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The books and records shall at all reasonable times be open to inspection by any director or Member. The Treasurer shall deposit all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. The Treasurer shall disburse the funds of the Association as may be ordered by the Board, shall render to the President and directors, whenever they request it, an account of all transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

ARTICLE XII

MEMBER ASSESSMENT OBLIGATIONS AND ASSOCIATION FINANCES

12.1. Description of Assessments to Which Owners are Subject. Owners of Lots within the Project are subject to assessments, charges and fees as described in the Declaration.

12.2. Checks. All checks or demands for money and notes of the Association shall be signed by the President and Treasurer, or by such other officer or officers or such other person or persons as the Board of Directors may from time to time designate. Notwithstanding the foregoing, the signatures of at least two persons, who shall be members of the Board of Directors, or one officer (who is not a member of the Board) and a member of the Board, shall be required for the withdrawal of moneys from the Association's reserve accounts.

12.3. Operating Account. There shall be established and maintained a cash deposit account to be known as the "Operating Account" into which shall be deposited the operating portion of all Regular and Special Assessments as fixed and determined for all Members. Disbursements

from such account shall be for the general need of the operation including, but not limited to, wages, repairs, betterments, maintenance and other operating expenses of the Property.

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

12.5. Annual Budget Report. The Association shall distribute an Annual Budget Report, thirty (30) to ninety (90) days before the end of its fiscal year, including all of the information required by Civil Code section 5300, or any successor statute. The Annual Budget Report shall be made available to the Members pursuant to Civil Code section 5320. The Assessment and Reserve Funding Disclosure Summary form, prepared pursuant to Civil Code section 5570, shall accompany each Annual Budget Report or summary of the Annual Budget Report that is delivered pursuant to this Section 12.5.

12.6. Year-End Report. Within one hundred and 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 the Members:

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

12.7. Reviews. A review of the financial statement of the Association 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 \$75,000. A copy of the review of the financial statement shall be distributed to the members within one hundred and twenty (120) days after the close of each fiscal year, by individual delivery pursuant to Civil Code section 4040.

12.8. Review of Accounts. On no less than a monthly basis, the Board of Directors shall:

- (a) Review a current reconciliation of the Association's operating accounts;
- (b) Review a current reconciliation of the Association's reserve accounts;
- (c) Review the current year's actual operating revenues and expenses compared to the current year's budget;

(d) Review the Association's latest account statements prepared by the financial institution(s) where the Association has its operating and reserve accounts; and

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

(f) Review, on a monthly basis, the check register, monthly general ledger, and delinquent assessment receivable reports.

12.9. Compliance with Review Requirements. The review requirements of Section 12.8 may be met when every individual member of the Board, or a subcommittee of the Board consisting of the treasurer and at least one other Board member, reviews the documents and statements described in Section 12.8 independent of a Board meeting, so long as the review is ratified at the Board meeting subsequent to the review and that ratification is reflected in the minutes of that meeting.

12.10. Authorization for Certain Transfers. Notwithstanding any other law, and as required by Civil Code Section 5502, transfers of greater than ten thousand dollars (\$10,000) or five percent (5%) of the budgeted income for the then-current fiscal year, whichever is lower, shall not be authorized from the Association's reserve or operating accounts without prior written Board approval. This provision shall apply in addition to any other applicable requirements of the Civil Code.

INSPECTION OF BOOKS AND RECORDS

13.1. Member Inspection Rights.

(a) Scope of Member's Inspection Rights. All accounting books and records, minutes of proceedings of the Members, the Board and committees of the Board, and the membership list of the Association, shall at all times, during reasonable business hours, be subject to the inspection of any Member in accordance with the requirements and restrictions set forth in Civil Code sections 5200-5230. The Member who desires to inspect those documents must submit a written request for inspection to the Association and, as it relates to a request for the membership list, that request must state a reason for the requested inspection that is reasonably related to the Member's interest 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 purpose, or used for any other purpose that is not reasonably related to a Member's interest as a Member. Any inspection by a Member that is permitted by this subparagraph (a) may be conducted by the Member personally or by his or her duly appointed representative. If a Member designates another person to inspect and/or copy Association records that are open to Member inspection, that designation must be in writing.

The following additional rules and restrictions shall apply to Member inspection demands:

(i) If the Association reasonably believes that the membership information will be used for a purpose other than the purpose stated by the requesting Member(s), the requesting Member(s) may be denied access to the list.

(ii) If the Association agrees to make copies of requested information that is within the Members' rights of inspection, the Association is entitled to bill the requesting Member(s) for the actual costs incurred by the Association for copying and mailing the requested documents.

The Association must inform the Member(s) of the amount of the copying and mailing costs before sending the requested documents. Requesting parties 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.

13.2. 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 they believe to be in the best interests of the Association in deciding how to use or disseminate information obtained through exercise of their inspection rights.

ARTICLE XIV MISCELLANEOUS

14.1. Community Manager. The Board may employ the services of a community manager ("Resort 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 Resort Manager any of its day to day management and maintenance duties and powers under these Bylaws and the Declaration, provided that the Resort Manager shall at all times remain subject to the general control of the Board.

14.2. Amendment or Repeal of Bylaws by Members. These Bylaws may be amended or repealed, and new Bylaws adopted, only by the affirmative vote or assent by secret ballot of a majority of the Members. If any provision of these Bylaws requires the vote of a larger proportion or all of the Members, such provisions may not be altered, amended or repealed except by such greater vote, unless otherwise specifically provided in these Bylaws. Any amendment to these Bylaws shall become effective immediately upon approval by the Members. The Secretary of the Association shall certify adoption of any duly approved amendment to the Bylaws and a copy of the certificate and the amendment shall be included in the Association's corporate records.

14.3. Indemnification.

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

(b) Indemnification by Association of Directors, Officers, Employees and Other Agents. To the fullest extent permitted by law, the Association shall indemnify its directors, officers, employees and other agents described in Corporations Code section 7237, including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding" as that term is used in that Section and including an action by or in the right of the Association, by reason of the fact

that such person is or was a director or officer or other person described by that Section. "Expenses," as used in this Section, shall have the same meaning as in Corporations Code section 7237(a).

(c) Approval of Indemnity by Association. On written request to the Board by any person seeking indemnification hereunder, the Board shall promptly determine in accordance with Corporations Code section 7237(e), whether the applicable standard of conduct set forth in Corporations Code section 7237(b) or 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 the Members. At that meeting, the Members shall determine under Corporations Code section 7237(e) whether the applicable standard of conduct set forth in Corporations Code section 7237(b) or 7237(c) has been met, and if it has, the Members present at the meeting in person or by proxy shall authorize indemnification.

(d) Advancement of Expenses. To the fullest extent permitted by law and except as is otherwise determined by the Board in a specific instance, expenses incurred by a director, officer, employee or agent seeking indemnification, under paragraphs (b) and (c) of this Section 14.3, in defending any proceeding covered by those Sections, shall be advanced by the Association before final disposition of the proceeding, on receipt by the Association of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the Association for those expenses.

(e) Insurance. The Association shall have the power to purchase and maintain insurance on behalf of its directors, officers, employees and other agents against other liability asserted against or incurred by any director, officer, employee or agent in such capacity or arising out of the director's, officer's employee's or agent's status as such, as set forth more fully in Section 11.1 of the Declaration.

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

CERTIFICATE OF SECRETARY

The undersigned Secretary of the corporation known as DESERT SHADOWS RV RESORT OWNERS ASSOCIATION, INC., hereby certifies that the above and foregoing Second Amended and Restated Bylaws, consisting of 19 pages, were duly approved by the affirmative vote of at least a majority of the Members of the Association, on _____, and that they now constitute said Bylaws.

Secretary