

RESTATED BYLAWS
OF
THE RANCHO TEHAMA ASSOCIATION

ARTICLE 1
NAME AND LOCATION

Section 1.1 Name of Association. The name of the Association is THE RANCHO TEHAMA ASSOCIATION, a California nonprofit mutual benefit corporation (hereinafter referred to as the "Association"). The Association is organized under the California Nonprofit Mutual Benefit Corporation Law.

Section 1.2 Specific Purpose. The specific and primary purposes and powers of the Association are to provide for the operation, control, repair, maintenance and restoration of the Common Area within the Rancho Tehama common interest development located in the County of Tehama, State of California (the "Development"), and certain portions of the Lots as provided in the Governing Documents, provide architectural control for the Development, provide recreational facilities for the Members, enforce the provisions of the Governing Documents and any other instruments relating to the management and control of the Association, and otherwise enhance and promote the use and enjoyment of the Common Areas by the Owners in common.

Section 1.3 Principal Office. The principal office for the transaction of the business of the Association shall be determined from time to time by the Board of Directors. The Board is hereby granted full power and authority to change the principal office from one location to another.

ARTICLE 2
DEFINITIONS

Section 2.1 Declaration. "Declaration" means all restrictions, covenants, terms and conditions set forth in the First Restated Declaration of Covenants, Conditions and Restrictions for Rancho Tehama Units No. 1 and No. 2, recorded in the Office of the County Recorder of Tehama County, California, on _____, 2010, as Instrument No. _____, as such Declaration may from time to time be amended, supplemented or modified by a subsequent Declaration or amendment thereto, recorded or to be recorded pursuant thereto, for the real property legally described in the Declaration.

Section 2.2 Election Rules. "Election Rules" means the rules and procedures adopted and amended by the Board in conformance with California Civil Code Section 1363.03.

Section 2.3 Majority of a Quorum. "Majority of a Quorum" means the vote of a majority of the votes cast at a membership meeting or by secret or written ballot when the number of

Members attending the meeting or the number of ballots cast equals or exceeds the quorum requirement specified in Section 6.4 of these Bylaws.

Section 2.4 Definitions Incorporated by Reference. The terms used in these Bylaws, unless the context clearly indicates a contrary intention, shall have the same meaning as those set forth in Article 1 of the Declaration which is incorporated by reference as part of these Bylaws.

Section 2.5 Successor Statutes. Any reference in these Bylaws to a specific statute shall be deemed to be a reference to any comparable successor statute if such referred-to statute is subsequently amended or renumbered by the legislative body having such power.

ARTICLE 3 MEMBERSHIP

Section 3.1 Automatic Membership and Voting Power. Every person or entity who is an Owner of a Lot shall be a Member of the Association as provided in the Declaration. Membership shall be appurtenant to, and may not be separated from, ownership of any Lot which gives rise to such membership in the Association.

Section 3.2 Members' Voting Rights. Each Lot shall have one vote on matters to be voted upon by the membership.

Section 3.3 Suspension of Members' Rights. The membership rights and privileges, together with the voting rights of any Member of the Association (see Section 5.2 of these Bylaws), may be suspended by the Board for any period of time during which such Member is determined by the Board to be delinquent in Assessments or otherwise in violation of the Governing Documents. No suspension of rights against a Member shall be effective until the Board gives such Member notice and the opportunity for a hearing before the Board which satisfies the minimum requirements of California Civil Code Section 1363(h).

Section 3.4 Multiple Ownership of Lots. Ownership of a Lot shall give rise to a single membership vote in the Association. Accordingly, if more than one person owns a Lot, all of those persons shall be deemed to be one Member for voting purposes, although all such Members shall have equal rights as Members to use and enjoy the Common Areas. 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.

Section 3.5 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, above. Upon the sale, conveyance or other transfer of an Owner's interest in a Lot, the Owner's membership interest appurtenant to the Lot shall automatically transfer to the Lot's new owner(s).

ARTICLE 4 MEMBERSHIP RIGHTS

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

Section 4.1 Use and Enjoyment of Common Areas by Members and Family. Each Member and the members of his or her family who also reside in the Member's Lot shall be entitled to the use and enjoyment of all Common Areas within the Development.

Section 4.2 Tenants and Lessees. Each Member shall have the right to assign his or her rights as a Member (other than voting rights) to a tenant residing in the Member's Lot. Such assignment shall be effective only so long as such tenant is residing in the Lot and is in compliance with the Governing Documents. At all times the Member shall remain responsible for compliance by Members, lessee or tenant with the provisions of the Governing Documents. Without limiting the foregoing, reference is specifically made to Section 2.3 of the Declaration for additional tenant and lease restrictions.

Section 4.3 Invitees and Guests. The invitees and guests of a Member shall have the right to use and enjoy the Common Areas within the Development subject to the same obligations imposed upon the Member to observe the Rules, restrictions, and regulations of the Association as set forth in the Governing Documents.

Section 4.4 Association Rules and Regulations. The right of any person to use and enjoy the Common Areas shall at all times be subject to the Rules, limitations and restrictions set forth in the Governing Documents. The Board shall have the right to impose monetary penalties or to suspend the use and enjoyment of any Common Area for the failure of a Member to pay any Assessments when due under the Declaration, or failure to comply with any other Rule imposed upon such Member or his or her tenants or guests pursuant to the Governing Documents; provided, however, that any such suspension shall be imposed only after such person has been afforded the notice and hearing rights more particularly described in the Governing Documents.

ARTICLE 5
MEMBERSHIP VOTING

Section 5.1 Single Class of Membership. The Association shall have one class of voting membership.

Section 5.2 Eligibility to Vote / Good Standing. Only Members in good standing shall be entitled to vote on any issue or matter presented to the Members for approval. In order to be in good standing, a Member must be current in the payment of all Assessments levied against the Member's Lot and not be subject to any suspension of voting privileges as a result of any disciplinary proceeding. A Member's good standing shall be determined as of the record date established in accordance with Section 6.9 of these Bylaws. Notwithstanding anything herein to the contrary, a Member who owns more than one Lot shall be ineligible to vote with respect to all such Lots if that Member is delinquent with respect to any such Lot.

Section 5.3 Manner of Casting Votes.

(A) Voting at Membership Meetings. Voting at any membership meeting may be by voice or ballot.

(B) Voting by Written Ballot. In addition to voting at a membership meeting, Members' votes may be solicited by written ballot in accordance with Section 6.7 of these Bylaws.

(C) Voting by Secret Ballot. If required by California law (including without limitation California Civil Code Section 1363.03), 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 1363.07 shall be conducted by secret ballot in accordance with the procedures set forth in California Civil Code Section 1363.03. The votes required by California Civil Code Section 1363.03 to be held using specific procedures shall be conducted in accordance with Election Rules adopted by the Board.

(D) No Cumulative Voting. There shall be no cumulative voting at any election of Directors.

Section 5.4 Majority Vote Required. If a quorum is present, the affirmative vote of the majority of the Members represented at the meeting, entitled to vote and voting on any matter (other than the election of Directors) shall be the act of the Members, unless the vote of a greater number is required by California law or by the Governing Documents. In the case of Director elections, the candidates receiving the highest number of votes up to the number of Directors to be elected, shall be elected to the vacant Director positions.

ARTICLE 6
MEETINGS OF MEMBERS

Section 6.1 Place of Meetings. All membership meetings shall be held at such time and place as shall be determined by the Board of Directors, within the County of Tehama, California.

Section 6.2 Annual Meetings of Members. Unless otherwise determined by the Board, the annual meeting of Members shall be held on the first Saturday of August each year at a time and place as determined by the Board.

(A) Notice of Annual Meeting. All notices shall be mailed not less than 10 days and not more than 90 days before each annual meeting and shall specify the place, day and hour of such meeting and shall be mailed first class, registered or certified mail to each Owner. Notice may also be given by e-mail, facsimile or other electronic means if the recipient has agreed to that method of delivery and delivery is complete at the time of transmission.

Section 6.3 Special Meetings of Members. Special meetings of Members may be called at any time by the President or by a majority of a quorum of the Board, and shall be called by the Board upon receipt of a written request for a special meeting signed by at least 5% of the Members.

(A) Procedures for Calling Special Meetings Requested by Members. If a special meeting is called by Members other than the Board or the President, the request shall be submitted by such Members in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the President, and Vice President, or the Secretary of the Association. The Officer receiving the request shall, within 20 days of receiving the request, cause notice to be promptly given to the Members entitled to vote, in accordance with the provisions of this section, that a meeting will be held, and the date, time and purpose for such meeting, which date shall be not less than 35 days nor more than 90 days following the receipt of the request. If notice of the meeting is not given within 20 days after receipt of the request, the persons requesting the meeting may give the notice. Nothing contained in this subsection shall be construed as limiting, fixing, or affecting the time when a meeting of Members may be held when the meeting is called by action of the Board or the President.

If the item to be voted on is one of those required by California law to be conducted by secret ballot, then the secret ballot shall be distributed to the Members no less than 35 days following the receipt of the meeting/vote request and the end of the initial balloting period shall be no more than 90 days following the receipt of the meeting/vote request.

(B) Notice of Special Meetings. Except as provided in Section 6.3(A) above with regard to special meetings requested by Members, notice of special meetings shall be given in the same manner as for annual meetings of Members. Notices of special meetings shall specify the place, day and hour of the meeting and the general nature of the business to be transacted. Notice may also be given by e-mail, facsimile or other electronic means if the recipient has agreed to that method of delivery and delivery is complete at the time of transmission.

Section 6.4 Quorum Requirements.

(A) Quorum Requirements Generally. The following quorum requirements must be satisfied in order to take valid membership action:

(1) Quorum for Votes on Assessment Increases. In the case of any secret ballot conducted for the purpose of voting on Assessment increases requiring membership approval (see Article 5 of the Declaration), the quorum requirement for valid action on the proposal shall be the percentage specified in California Civil Code Section 1366. That quorum percentage is currently a majority of the Owners.

(2) Quorum for Valid Action on Other Matters. In the case of a membership meeting or secret or written ballot called or conducted for any other purpose (including without limitation the election of Directors), the quorum shall be 5% of the Members eligible to vote; provided, however, that if any membership meeting is actually attended, in person, by less than one-third of the Voting Power (but a quorum is present), the only matters upon which action may validly be taken are those matters the general nature of which were described in the notice of the meeting.

(B) Effect of Departure of Members From Meeting. The Members present in person 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 may vote to adjourn the meeting for lack of a quorum, but no other action may be taken or business transacted.

Section 6.5 Adjourned Meeting and Notice Thereof. Any membership meeting, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the Members present, but, in the absence of a quorum, no other business may be transacted at any such meeting. When any membership meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. If adjourned for less than 30 days, it shall not be necessary to give any notice of an adjournment or of the business to be

transacted at an adjourned meeting other than by an announcement at the meeting at which adjournment is taken.

Section 6.6 Consent of Absentees. The transactions of any membership meeting, however called and noticed, shall be as valid as though made at a meeting duly held after regular call and notice if a quorum be present, and if, either before or after the meeting, each of the absent Members entitled to vote signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes. All such waivers, consents or approvals shall be filed in the corporate records or made a part of the minutes of the meeting.

Section 6.7 Action Without a Meeting.

(A) As provided in Corporations Code Section 7513, any action which may be taken at a regular or special membership meeting (including without limitation the election of Directors and any other item that is required by California law to be conducted by secret ballot) may be taken without a meeting if the Association distributes a written ballot to every Member entitled to vote on the matter. Such ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Association.

(B) All solicited ballots shall indicate the number of responses needed to meet the quorum requirement (if applicable) and, with respect to ballots other than for the election of Directors, shall state the percentage of approvals necessary to pass the measure submitted. The solicitation must specify the time by which the ballot must be received in order to be counted.

(C) Once cast, a written ballot may not be revoked.

Section 6.8 Minutes, Presumption of Notice. Minutes or a similar record of the proceedings of meetings of Members, when signed by the President or the Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice was properly given shall be prima facie evidence that notice was given.

Section 6.9 Record Dates for Member Notice, Voting and Giving Consents. For the purpose of determining which Members are entitled to receive notice of any meeting, vote, act by written ballot without a meeting, or exercise any rights in respect to any other lawful action, the Board may fix, in advance, a "record date" and only Members of record on the date so fixed are entitled to notice, to vote, or to take any action by written ballot or otherwise, as the case may be, notwithstanding any transfer of any membership on the books of the Association after the record date, except as otherwise provided in the Articles of Incorporation, by agreement, or in the California Non-Profit Mutual Benefit Corporation Law.

ARTICLE 7
BOARD OF DIRECTORS

Section 7.1 Number and Qualifications of Directors. The Board shall consist of five Directors who are Owners of Lots, whose memberships are in good standing (see Section 5.2 of these Bylaws) and who have never been convicted of a felony. Only one Owner per Lot shall be eligible to serve on the Board at any time.

Section 7.2 Election and Term of Office. Each Director shall serve a two year term, with three Directors elected in even-numbered years and two Directors elected in odd-numbered years. Appointed Directors shall serve the remaining term of a vacant position. All Directors shall hold office until their term expires or until their position is declared vacant. Election to the Board shall be by secret ballot. At such election, the Members may cast, in respect to each vacancy, as many votes as they are entitled to cast under the provisions of the Governing Documents. The candidates receiving the highest number of votes shall be elected. Any tie in the number of votes cast for candidates where more than one Director is to be elected shall be decided by random drawing or other method of chance as determined by the Board.

Section 7.3 Nomination. Nomination for election to the Board may only be made by self nomination in accordance with the Election Rules. After Director election ballots have been distributed or after the period for self-nomination closes, additional candidates may be added to the ballot as write-in candidates.

Section 7.4 Vacancies; Resignation.

(A) Vacancies. Except for a vacancy created by the removal of a Director by the Members, vacancies on the Board may be filled by a majority of the remaining Directors, though less than a quorum. Each Director so appointed shall hold office until his successor is elected at the end of the former Director's term. The Members may at any time call a meeting to elect Directors to fill any vacancy not filled by the Board.

(B) Resignation. Any Director may resign effective upon giving written notice to the President, the Secretary or the Board, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be appointed by the Board to take office when the resignation becomes effective.

Section 7.5 Removal of Directors.

(A) Authority of Board to Remove Directors. The Board shall have the power and authority to remove a Director and declare his or her office vacant if he or she:

(1) Has been declared of unsound mind by a final order of the court;

(2) Has been convicted of a felony;

(3) Has been found by a final order or judgment of any court to have breached the duty under California Corporations Code Sections 7233 through 7236, inclusive (relating to standards of conduct of Directors);

(4) Fails to attend three consecutive or five total regular Board meetings within a 12 month period that have been duly noticed in accordance with California law; or

(5) Fails to meet any of the qualifications set forth in Section 7.1 of these Bylaws.

(B) Authority of Members to Remove Directors. Any Director may be removed from the Board, with or without cause, by the affirmative vote of a Majority of a Quorum.

Section 7.6 Compensation and Reimbursement. The Board of Directors shall not receive any salaries for their services but nothing herein contained shall be construed to preclude any Director from serving the Association in any other capacity and receiving compensation therefore as determined by the Board. Additionally, Directors may be reimbursed for actual expenses as may be determined by resolution of the Board to be just and reasonable. Expenses for which reimbursement is sought shall be supported by a proper receipt or invoice.

ARTICLE 8
POWERS AND DUTIES OF THE BOARD

Section 8.1 General Association Powers. Subject to the provisions of the California Nonprofit Mutual Benefit Corporation law, the Davis-Stirling Common Interest Development Act (California Civil Code Section 1350 et seq.), 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 Board. Subject to the limitations expressed in this article, 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 discretion of the Board.

Section 8.2 Specific Powers. The Board shall manage the affairs of the Association and shall have all the powers and duties necessary for the administration of the Development subject only to such limitations on the exercise of such powers as are set forth in the Governing Documents. The Board shall have the power to do any lawful thing that may be authorized, required, or permitted to be done by the Association under the Governing Documents, and to do and perform any act that may be necessary or proper for or incidental to, the exercise of any of the express powers of the Association. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, and in addition to the powers set forth in Article 4 of the Declaration, the Board shall have the power to and be responsible for, the following, in way of explanation, but not limitation:

(A) Management of Business. To conduct, manage and control the affairs and business of the Association, and to make Rules consistent with California law and the Governing Documents as it deems best, including Rules for the operation of the Common Area facilities owned or controlled by the Association. The Board may appoint such agents and employ such other employees, including professional property management, 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.

(B) Commence Legal Action; Notice of Hearing. To commence and maintain actions for damages and/or to restrain and enjoin any actual or threatened breach of any provision(s) of the Governing Documents or any decisions or resolutions of the Board by a Member and to enforce by injunction or otherwise all of these provisions. However, before a decision to take such action is reached by the Board, the aggrieved Member shall be provided with notice and an opportunity to be heard by the Board.

(C) Selection of Officers. To select and remove all the Officers, agents and employees of the Association, prescribe such powers and duties for them as may be consistent with law and the Governing Documents.

(D) Reconstruction. To contract for and pay for reconstruction of any portion(s) of the Development damaged or destroyed.

Section 8.3 Duties of the Association. In addition to the powers delegated to it by its Articles or the Bylaws and in Article 4 of the Declaration, and without limiting their generality, the Association, acting by and through the Board, has the obligation to conduct all business affairs of common interest for all Members and to perform each of the duties set forth below:

(A) Operation and Maintenance of Common Area. To manage, operate, maintain, and repair the Common Area and any facilities, improvements, and

landscaping located thereon, and the restoration and replacement of any or all of the structures or improvements which are part of the Common Area, in a good state of repair as may be determined by the Board. In connection with this duty, the Board shall contract for and purchase tools, equipment, materials, supplies and other personal property and services for the maintenance and repair of the Common Area and Improvements to the Development.

(B) Insurance. To contract and pay for fire, casualty, liability, fidelity and other insurance adequately insuring the Association and Owners with respect to the Common Area and the affairs of the Association.

(C) Assessments. To establish, fix, and levy Assessments against the Owners and to enforce payment of such Assessments, in accordance with the provisions of the Governing Documents.

(D) Budget and Financial Statements. Preparation of budgets and financial statements for the Association as provided in these Bylaws.

(E) Bank Accounts. To maintain bank account(s) for funds coming under the control of the Association.

(F) Availability of Association Records. As further set forth in Article 13 of these Bylaws, to make available to, and reproduce upon the written request of, any Member, the Association records as set forth in California Civil Code Section 1365.2. The Board can establish reasonable procedures to facilitate inspection of these records, including providing for reasonable fees to produce the same.

Section 8.4 Limitations on Authority of the Board. The Board shall not take any of the actions listed below except with the vote or written consent of a majority of the Voting Power:

(A) Expenditures for Capital Improvements. Incur aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent of the budgeted gross expenses of the Association for that fiscal year.

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

(C) Limitation on Compensation. Pay compensation to Directors or Officers for services performed in the conduct of the Association's business; provided, however, that the Board shall have the power to reimburse any Director, Officer or Member for expenses incurred in carrying on the business of the Association.

(D) Filling Vacancies Created by Removal by the Members. Fill a vacancy on the Board created by the removal of a Director by the Members.

ARTICLE 9
BOARD MEETINGS

Section 9.1 Regular Meetings. Regular meetings of the Board shall be held monthly, or as business dictates, and shall be held at a location within a reasonable proximity to the Development. Regular meetings of the Board may be called by the President or by any two Directors.

Section 9.2 Special Meetings. Special meetings of the Board for any purpose may be called at any time by the President or by any two Directors and shall be held at a location within a reasonable proximity to the Development.

Section 9.3 Telephonic Meetings. Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all Directors participating in the meeting can hear one another, and all such Directors shall be deemed to be present in person at such meeting.

Section 9.4 Notice of Board Meetings.

(A) Notice to Directors.

(1) Regular Meetings. If the specific date, time and place of regular Board meetings are fixed in advance by the Board, no notice need be given to Directors. If the specific date, time and place of regular Board meetings are not so fixed, then Directors shall receive four days' notice by first-class mail or 48 hours' notice delivered personally, by telephone (including a voice messaging system) or by electronic transmission. Notice given to Directors hereunder need not specify the purpose of the regular Board meeting.

(2) Special Meetings. Directors shall receive four days' notice by first-class mail or 48 hours' notice delivered personally, by telephone (including a voice messaging system) or by electronic transmission. Notice given to Directors hereunder need not specify the purpose of the special Board meeting.

(3) Waiver of Notice; Consent. Notice of a Board meeting need not be given to any Director who provided a waiver of notice or consent to holding the meeting or an approval of the minutes thereof in writing, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to that Director. These waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

(B) Notice to Members. Except for "emergency meetings" (as defined in California Civil Code Section 1363.05(g)) and executive sessions, at least four days prior written notice of the date, time, and place of each regular or special Board meeting shall be given to Members by posting the notice in a prominent place or places within the Common Area and by mailing the same 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 to Members by: (a) mail or delivery to each Residence; (b) newsletter; or (c) other means of communication reasonably designed to provide prior actual notice of such meeting. The notice shall contain the agenda for the meeting.

Section 9.5 Notice of Adjournment. Unless a meeting is adjourned for more than 24 hours, notice of adjournment of any Directors meeting need not be given to absent Directors if the time and place are fixed at the meeting adjourned.

Section 9.6 Quorum. A majority of the Directors then in office constitutes a quorum for the transaction of business, except to adjourn. 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.

Section 9.7 Adjournment. A majority of a quorum of the Directors may adjourn any Directors' meeting to meet again at a stated date and hour. In the absence of a quorum, a majority of the Directors present at the Directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 9.8 Open Meetings. Regular and special Board meetings shall be open to all Members of the Association, except when the Board meets in executive session pursuant to Section 9.9, below. 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.

Section 9.9 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. 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. Any matter discussed in executive session shall be generally noted in the minutes of the immediately following meeting that is open to the entire membership.

Section 9.10 Action Without Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting if all Members of the Board, individually or collectively, consent in writing to that action. The Board may also take action by written ballot of the majority of the Board. Action by unanimous written consent or by written ballot shall have the same force and effect as a properly noticed and voted Board motion. Such unanimous written consent or written ballot shall be filed with the minutes of the proceedings of the Board.

ARTICLE 10 OFFICERS

Section 10.1 Officers. The Officers of the Association shall consist of a President, one or more Vice President(s) (the number thereof to be determined by the Board), a Secretary, a Treasurer, and such other officers as may be appointed in accordance with the provisions of Section 10.3 of these Bylaws. All Officers of the Association must also be current Board members.

Section 10.2 Election and Term. The Officers of the Association, except such Officers as may be appointed in accordance with the provisions of Section 10.3 hereof, shall be chosen annually, for a term of one year, by the Board, and each shall hold his or her office until he or she shall resign, or shall be removed or otherwise disqualified to serve, his or her term ends, or his or her successor be elected and qualified.

Section 10.3 Subordinate Officers. The Board may appoint such other Officers as the business of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as the Board may from time to time determine.

Section 10.4 Removal and Resignation From Office. Any Officer may be removed, with or without cause, by a majority of the Directors at any meeting of the Board. Any Officer may resign at any time by giving written notice to the Board or the President, or to the Secretary of the Association. Any such resignation shall take effect on the date of the receipt of such notice or at any later time specified in the resignation. Unless otherwise specified in the resignation, the acceptance of the resignation is not required to make it effective.

Section 10.5 Multiple Officers. Only the Offices of Secretary and Treasurer 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 10.3 hereof.

Section 10.6 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board for the unexpired portion of the term.

Section 10.7 President. The president shall be the principal executive officer of the corporation and shall in general supervise and control all of the business and affairs of the corporation. He shall preside at all meetings of the members and of the Board of Directors. He

may sign, with the Secretary or any other proper officer of the corporation authorized by the Board, any deeds, mortgages, bonds, contracts, or other instruments which the Board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws or by statute to some other officer or agent of the corporation and in general he shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

Section 10.8 Vice President. In the absence of the President or in the event of his inability or refusal to act, the Vice President(s), in order of their election, shall perform 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. Any Vice President shall perform such other duties as from time to time may be assigned to him by the President or by the Board.

Section 10.9 Treasurer. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital and surplus. The books of account shall at all times be open to inspection by any Director. The Treasurer shall deposit, or cause to be deposited, all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. The Treasurer shall disburse, or cause to be disbursed, the funds of the Association as may be ordered by the Board, shall render to the President and Directors, whenever requested, an account of all of his transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

Section 10.10 Secretary. The Secretary shall keep, or cause to be kept, a book of the minutes at the principal office or such other place as the Board may order of all meetings of Directors and Members, with the time and place of the meeting, whether regular or special, and if special how authorized, the notice given, the names of those present at the Directors' meetings, the number of Members present or represented at Members' meetings and the proceedings of the meeting. The Secretary shall give or cause to be given, notice of all the meetings of the Members and of the Board required by these Bylaws or by law to be given, and shall keep other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

ARTICLE 11 COMMITTEES

Section 11.1 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 two or more Directors and shall have such powers and duties as the Board shall determine, subject to the limitations of California Corporations Code Section 7212.

Section 11.2 Standing Committees. The Board may appoint certain standing committees, including but not limited to, the following: Program/Membership, Finance, Airport and Covenants. Each standing committee shall consist of at least one person who is not a Director. Directors may be members of standing committees created pursuant to this section provided that fewer than a majority of Directors then in office serve on any one such standing committee. Such standing committees shall have such duties as the Board may designate from time to time, 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 standing committee shall have the authority to enter into contracts or otherwise act on behalf of the Association. The Board shall have the right at any time, in its complete discretion, to disband any standing committee or remove any member thereof.

Section 11.3 Special Committees. The Board shall appoint such other committees as the Board may deem advisable from time to time.

Section 11.4 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, with the prior 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 12 ASSOCIATION FINANCES

Section 12.1 Description of Assessments to Which Owners are Subject. Owners of Lots within the Development are subject to Assessments as described in Article 5 of the Declaration.

Section 12.2 Execution of Contracts. The Board, except as in these Bylaws or otherwise provided, may authorize any Officer or Officers, agent or agents to enter into any contract or execute any instrument in the name and on behalf of the Association. Such contract or instrument shall be signed by the President for contracts of not longer than one year. Such authority may be general or confined to specific instances as may be determined by the Board. Unless so authorized by the Board, no Officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount. Any contract signing must be ratified by the Board.

Section 12.3 Checks, Drafts, Etc. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such person or persons and in such manner as from time to time shall be determined by the Board. The Board may delegate check signing authority to its managing agent for common budgetary items including, but not limited to the following: gas, electricity, other utilities, maintenance, etc. Otherwise, all checks must be signed by at least two Directors. Reserve withdrawals shall be signed by at least two Directors.

Section 12.4 Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board may selection.

Section 12.5 Gifts. The Board may accept on behalf of the Association, any contribution, gift, bequest, or devise for general purposes or for any special purpose of the Association.

Section 12.6 Financial Statements and Budgets. Financial statements shall be prepared annually by the Association and a copy distributed to all its Members in accordance with the requirements of current California law.

ARTICLE 13 MISCELLANEOUS

Section 13.1 Members' Right to Inspect Books and Records. The Association shall keep in its principal office for the transaction of business or at such other place within the County as the Board shall prescribe, all records of the Association required under California Civil Code Section 1365.2, which shall be made available for inspection and copying by any Member of the Association, by any Member's duly-appointed representative, at any reasonable time and for a purpose reasonably related to its interest as a Member subject to the conditions set forth in California Civil Code Section 1365.2. The Board shall be entitled to establish reasonable rules with respect to:

- (A) Notice to be given to the custodian of the records by the Member desiring to make the inspection;
 - (B) Hours and days of the week when such an inspection may be made;
- and
- (C) Payment of the costs of reproducing copies of documents requested.

Section 13.2 Directors' Right to Inspect Books and Records. Except as otherwise limited by law, every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association. The right of inspection by a Director shall include the right at the Director's expense to make extracts and copies of documents.

Section 13.3 Fiscal Year. The fiscal year of the Association shall begin on the first day of January of each year and end on the thirty-first day of December of each year. The fiscal year of the Association is subject to change from time to time as the Board shall determine.

Section 13.4 Documents Provided to First Mortgage Holder, Guarantor, Insurer. Any holder, insurer or governmental guarantor of a first Mortgage encumbering a Lot shall be entitled, upon written request, to a financial statement for the immediately preceding fiscal year. The

financial statement shall be furnished within a reasonable time following the request. The Association may charge a reasonable fee to offset the costs associated with such a request.

Section 13.5 Documents Provided to Prospective Purchaser.

(A) Each Owner shall, as soon as practicable before transfer of title of a Lot, provide the following to the prospective purchaser:

(1) A copy of the Governing Documents of the Association;

(2) A copy of the most recent documents required to be distributed to the Owners pursuant to California Civil Code Section 1365; and

(3) A true statement in writing from an authorized representative of the Association as to the amount of any Assessments levied upon the Lot which are unpaid on the date of the statement. The statement shall also include true information on late charges, interest, and costs of collection which, as of the date of the statement, are or may be made a lien upon the Lot.

(4) A copy or a summary of any notice sent to the Member that sets forth any alleged violation of the Governing Documents that remains unresolved. The notice shall not be deemed a waiver of the Association's right to enforce the Governing Documents against the Member or the prospective purchaser; and

(5) Any other documents required to be provided pursuant to California Civil Code Section 1368.

(B) Upon written request, the Association shall, within 10 days of the mailing or delivery of the request, provide the Member with a copy of these requested items. The Association may charge a fee for this service, which shall not exceed the Association's reasonable cost to prepare and reproduce the requested items.

(C) The Association shall not impose or collect any Assessment, penalty or fee in connection with a transfer of title or any other interest except the Association's reasonable estimated costs involved with such transfer of title.

Section 13.6 Personal Liability. No member of the Board, or of any committee of the Association, or any Officer of the Association shall be personally liable to any Member, or to any other party, including the Association, for any error or omission of the Association, the Board, its authorized agents or employees, if such person has acted in good faith without willful or intentional misconduct.

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Section 13.7 Conflicts. If there are any conflicts or inconsistencies between the provisions of the Declaration and these Bylaws, the terms and provisions of the Declaration shall control.

Section 13.8 Parliamentary Procedure. In the event of a dispute concerning the procedural aspects of any meetings which cannot be resolved by reference to these Bylaws or applicable law, the matter shall be resolved by reference to an established parliamentary procedure publication as determined by the Board.

Section 13.9 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.

Section 13.10 Proof of Membership. No person shall exercise the rights of membership in the Association until satisfactory proof thereof has been furnished to the Secretary. Such proof may consist of either a copy of a duly executed and acknowledged grant deed or title insurance policy showing such person to be the Owner of an interest in a Lot entitling him to membership. Such deed or policy shall be deemed conclusive in the absence of a conflicting claim based on a later deed or policy.

ARTICLE 14 INDEMNIFICATION OF DIRECTORS

Every Director and every Officer past or present of the Association shall be indemnified by the Association against expenses and liabilities, including reasonable attorney's fees, incurred or imposed upon him in connection with any proceeding in which he may be a party, or in which he may become involved, by reason of his being, or having been, a Director or an Officer of the Association, or any settlement thereof, except in such cases wherein the Director or Officer is adjudged guilty of gross negligence or malfeasance in the performance of his duties. Indemnification shall be in addition to and not exclusive of all other rights to which such Director or Officer may be entitled.

ARTICLE 15
AMENDMENTS

Section 15.1 Amendment Procedures. These Bylaws may be amended only by the affirmative vote of Members representing a Majority of a Quorum. Any amendment shall become effective upon the execution of a Certificate by the Secretary of the Association that certifies the Amendment was approved in accordance with the terms of these Bylaws.

Section 15.2 Amendments to Comply with Statutory Requirements. Notwithstanding the foregoing, amendments to the Bylaws made solely for the purpose of complying with statutory changes in California law may be approved by the Board.



CERTIFICATE OF SECRETARY

I hereby certify that:

- A. I am the Secretary of The Rancho Tehama Association.
- B. The preceding Restated Bylaws of The Rancho Tehama Association were duly approved by the required vote of the Members of The Rancho Tehama Association.
- C. The preceding Restated Bylaws now constitute the bylaws of The Rancho Tehama Association.

Executed _____, 2010.

[signature]

_____, Secretary
[print name]