

**BYLAWS
OF
TWIN HARTE LAKE ASSOCIATION**

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BYLAWS OF TWAIN HARTE LAKE ASSOCIATION

ARTICLE I: RECITALS AND DEFINITIONS

Section 1.01. Name of Association. The name of this Association is Twain Harte Lake Association and shall be referred to herein as the “Association.” The Association is a California 501(c)7 nonprofit mutual benefit corporation.

Section 1.02. Specific Purpose. The specific and primary purpose of this Association shall be to own, manage, and maintain the Lake that lies within the Twain Harte Tract, Tuolumne County, California (“Twain Harte Lake”), enforce the rules and regulations adopted by the Board of Directors, from time to time, and to otherwise enhance and promote the use and enjoyment of the Lake by the Association’s Members’ families and their permitted guests and invitees. The work of the Association is governed by the California Nonprofit Mutual Benefit Corporation Law, herein referred to as the “Corporations Code”, along with the Association’s Bylaws and Articles of Incorporation.

Section 1.03 Definitions.

(a) County. The term “county” means the County of Tuolumne, State of California.

(b) Eligible Parcel. The term “Eligible Parcel” means a parcel of real property in Twain Harte Tract: (i) that is zoned R-1; (ii) that has, in fact, been improved with no more than one single-family residential unit; and (iii) that is either of a minimum size of not less than seventy five hundred (7,500) square feet or, if less, was on July 1, 1975 a parcel which was separately assessed R-1 parcel by the Tuolumne County Assessor’s Office. The further subdivision of an Eligible Parcel shall not create additional Eligible Parcels unless each resulting parcel meets the conditions set forth in this subparagraph (b), and is also of a minimum size or not less than seventy five hundred (7,500) square feet. No Eligible Parcel shall continue to exist, or be created upon, the subdivision of any Eligible Parcel that was, before its subdivision, of a size less the seventy five hundred (7,500) square feet.

(c) The Lake or Twain Harte Lake. The terms “Lake” or “Twain Harte Lake”, when used in these Bylaws means and refers to the private ten (10) acre stream-fed Lake on fifty-six (56) acres of buffer land at the west end of Twain Harte. The Lake is owned by the Association and in addition to the Lake, itself, other Association amenities presently include a long sandy beach, and any other property owned by the Association and the capital equipment and structures now located or hereafter constructed thereon.

(d) Majority of a Quorum. The term “Majority of a Quorum” means the vote of a majority of the votes cast at a meeting or by written ballot when the number of Members attending the membership meeting or the number of ballots cast within the time prescribed for the return of ballots equals or exceeds the quorum requirement specified in Section 5.05.

(e) Owner. The term “Owner” means a person in whose name an Ownership Interest in an Eligible Parcel is recorded in the Official Records of Tuolumne County, California.

(f) Ownership Interest. The term “Ownership Interest” means a recorded fee simple interest in an Eligible Parcel, including sole ownership, joint tenancy, and tenancy in common, tenancy by the entirety, or tenancy by reason of community or other marital property right, but excluding any future interest or leasehold or other rental tenancy.

(g) Sale or Transfer. The term “Sale or Transfer” means any transaction in which an Ownership Interest in an Eligible Parcel is conveyed by an Owner or another person by sale, deed, gift, bequest, inheritance, or otherwise.

(h) Twain Harte Tract. The term “Twain Harte Tract” means all the real property situated in the County of Tuolumne that lies within the boundaries of that certain map recorded in Volume 209, Pages 49 and 50, of Official Records of Tuolumne County, or within the boundaries of any amended map as may be drawn and recorded by this Association at any time hereafter. No such amended map shall be drawn or recorded unless the same is first authorized by a vote of the membership conducted in accordance with these Bylaws.

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

ARTICLE II: PRINCIPAL OFFICE

Section 2.01. Location of Principal Office. The principal office of the Association will be located at such place within the County as the Board may from time to time designate by resolution.

ARTICLE III: MEMBERSHIP

Section 3.01. Eligibility for Membership. Any Owner or Owners of an Eligible Parcel of real property in Twain Harte Tract is/are eligible to apply for a single membership in, and to become Members of, this Association as provided in these Bylaws. There shall be only one (1) membership per Eligible Parcel, and the Member or Members with respect thereto shall be the Owner or Owners thereof who have applied to and been accepted by this Association as the Member or Members with respect to that Eligible Parcel. Each membership and waiting list property recorded in the books of this Association as of May 3, 2016, shall continue in force until terminated in accordance with the provisions of these Bylaws. Membership in the Association is voluntary, rather than being an appurtenant affirmative obligation associated with the ownership of an Eligible Parcel.

Section 3.02. Termination of Memberships. Membership in this Association does not create or convey any vested right in the property of the Association. No Member may sell or otherwise transfer a membership or any right arising therefrom, and no membership may be transferred by operation of law or otherwise. A membership shall terminate automatically upon the expulsion of any Member in whose name the membership stands, or upon the sale or other transfer of any Member's ownership interest in the Eligible Parcel to another person or persons, or at such time as the parcel ceases to be an Eligible Parcel as defined in these Bylaws.

Section 3.03. Successor Owners. Any Owner or Owners of an Eligible Parcel, who acquired an Ownership Interest therein by sale or other transfer of title from a Member or Members, is or are eligible to apply for a membership in, and to become a Member or Members of, this Association, so long as his, her, or their application for membership is made to this Association within thirty (30) days of the date when the transfer of title to the Eligible Parcel is recorded in the Official Records of Tuolumne County. Applications timely made pursuant to this Section 3.03 shall not be subject to the provisions of Section 3.04.

Section 3.04. Limitations on Number of Memberships; Waiting List. The maximum number of memberships in this Association shall be eight hundred (800), until and unless that number is changed by the Board of Directors. Subject to the forgoing, any Owner of an Eligible Parcel who fails to apply for membership in the Association within the thirty (30) day period specified in Section 3.03, may nevertheless apply for a membership at any time. If such application cannot be accepted due to the maximum number of memberships established in this Section, the application shall be placed on a waiting list,

and processed in order of seniority on the waiting list, at such time as it may be accepted under the provisions of this Section.

Section 3.05. Dues and Fees. This Association shall be supported by such annual dues, Lake admission and renter admission fees, equipment rental fees, new membership transfer fees, and other miscellaneous income, as are prescribed by the Board of Directors from time to time. No other fees, assessments, levies, or other charges of any kind shall be imposed upon or demanded of any Member unless the same is or are first authorized by an affirmative vote of two-thirds (2/3) of a quorum of the Members conducted at a meeting held pursuant to the provisions of Article V, or by written ballot pursuant to the provisions of Section 4.05.

Section 3.06. Applications for Membership. All applications for membership shall be made in writing, accompanied by satisfactory proof of eligibility. When the application is accepted, the applicant(s) shall become a Member(s) within thirty (30) days, upon payment of annual dues and any required new membership transfer fee. A new membership transfer fee shall not be required if, (1) the application is timely made pursuant to the provisions of Section 3.03, and if (2) the applicant or one of the applicants is the parent, spouse, sibling, child, grandchild, or is named as a successor in a trust of the Member from whom the applicant acquired his or her Ownership Interest in the Eligible Parcel.

Section 3.07. Voting Rights of Memberships Held in More than One Name. If a membership stands of record in the names of two or more Owners, whether fiduciaries, members of a partnership, joint tenants, tenants in common, husband and wife as community property, tenants by the entirety, persons entitled to vote under a voting agreement or otherwise, or if two or more persons have the same fiduciary relationship respecting the same membership, all of said persons shall be deemed to be one Member for voting purposes. Any one (1) of the multiple Owners shall be entitled to vote the membership, unless the secretary of the Association is 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 such notification does not occur and more than one (1) of the multiple Owners attempts to vote the membership, the vote of that membership shall be disqualified. If a majority of the co-Owners are unable to agree on how the membership should be voted, the vote of such membership shall not be considered as either in favor of or opposed to the issue or issues which are the subject of the vote. However the membership shall be considered for purposes of determining whether the quorum requirements applicable to the vote or meeting have been met.

Section 3.08. Maximum Number of Memberships and Lake Admission Tickets. In addition to its other powers, the Board of Directors shall have the power to increase or decrease the maximum number of memberships in this Association, as provided in Section 3.04 and to establish the maximum number of Lake admission credits (including admission available to renters of Members) and any fee or charge therefor, available to Members in any one season. In taking action under this Section, the Board of Directors shall give due regard to conditions of Lake usage, traffic, safety, parking and other factors that, in the opinion of the Board of Directors, bear upon the quiet and peaceful enjoyment of the Lake and other facilities of this Association. Any increase or decrease in the number of Lake admission credits shall be made pro-rata among all memberships. No decrease in the maximum number of memberships in this Association shall result in the loss of membership with respect to parcel of property that was an Eligible Parcel, as defined in Section 1.03(b).

ARTICLE IV: MEMBERSHIP VOTING

Section 4.01. Single Class of Membership. The Association shall have one (1) class of voting membership consisting of those individuals and groups identified in Section 3.01.

Section 4.02. 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 (1) vote. Single memberships in which two or more persons have an indivisible interest shall be voted as provided in Section 3.07. Because not all Members reside on their Eligible Parcels as their principal residence, it is the practice and policy of the Association to conduct Member votes in director elections and with respect to other substantive matters requiring the action or consent of the Members by use of a mailed written ballot, in accordance with Section 4.05. This policy is not intended to preclude Member votes at duly noticed and convened membership meetings on procedural matters, such as a vote to adjourn or to present a proposed action to the Members by written ballot, but rather to accord all Members the right and ability to participate in the business and affairs of the Association.

Section 4.03. Eligibility to Vote. The Members entitled to vote at any meeting of Members or by written ballot shall be those persons who are Members in good standing as of the record date determined in accordance with Section 5.08. In order to be in good standing, a Member must be current in the payment of all dues duly imposed pursuant to

Section 12.01, and not be subject to an expulsion as the result of any disciplinary proceeding conducted in accordance with Article XIII.

Section 4.04. Manner of Casting Votes.

(a) Voting at a Meeting or by Written Ballot. Voting may be by voice or by written ballot, provided that any election of directors shall be conducted by secret written ballot solicited in accordance with Section 7513 of the Corporations Code and Section 4.05. Those written ballots may be returned by Members who attend the annual meeting or returned by mail prior to the date of the meeting. The vote on any other issue properly before a meeting of the Members shall be conducted by Secret Written Ballot when determined by the chairman of the meeting, in his or her discretion, or when requested by ten percent (10%) of the Voting Power present at the meeting. As stated in Section 4.02, votes of Members with respect to substantive matters requiring the consent or approval of the Members are generally conducted by written ballot, although votes related to procedural matters pertaining to the conduct or adjournment of Member meetings may be conducted at the meeting in question.

(b) Secret Written Ballot. “Secret Written Ballot” means a written ballot that reasonably ensures the secrecy of the identity of the Member’s vote. The Board may adopt rules regarding Secret Written Ballot procedures, as necessary.

(c) Proxy Voting Prohibited. Proxy voting shall not be permitted on any matter put to the vote of the Members.

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

Section 4.05. Member Action by Written Ballot Without a Meeting.

(a) Written Ballots, Generally. Any matter or issue requiring the vote of the Members, including the election of directors, may be submitted to the Members for approval by written ballot without the necessity of calling a meeting of Members, so long as the requirements for action by written ballot set forth in this Section are satisfied. The determination to seek Member approval for Association action pursuant to this Section shall be made by a majority vote of the Board or by a motion duly approved by the vote of a Majority of a Quorum of the Members present at a regular meeting of the Members pursuant to Section 5.04. Member votes in director elections and other substantive

matters requiring the action or consent of the Members shall be made by written ballot voting procedures set forth in this Section.

(b) Balloting Time Requirements.

(i) Ballots in Director Elections. Any ballot used in the election of directors shall be mailed to all Members not more than forty-five (45) days nor less than twenty (20) days prior to the date set for the election and shall be returned to the Lake Association Office no later than 3:00 pm on the day prior to the date set for the meeting at which the election will take place or placed in a ballot box at the meeting prior to the time when votes are tabulated. No additional ballots will be distributed at the meeting. Subject to Section 4.05(b)(iii) the balloting period shall conclude on the date established for the annual meeting pursuant to Section 5.02 in the case of any regular election of directors or on the date established for any special meeting convened to elect a director(s) to fill a vacancy under Section 7.05(c).

(ii) Other Matters Requiring Member Approval. In the case of any other matter or issue submitted to the Members for approval by written ballot, the Board shall establish a record date pursuant to Section 5.08(a)(iii) and distribute the written ballot to every Member entitled to vote on the matter at least thirty (30) days prior to the prescribed deadline for the return of written ballots in order to be counted.

(iii) Extension of the Balloting Period. All written ballots shall provide a reasonable time within which to return the written ballot to the Association and shall state, on the face of the ballot, the date by which the written ballot must be returned in order to be counted. The time fixed for the return of written ballots may only be extended if the Board so notifies the Members in the balloting materials originally sent to Members and then for no more than two (2) successive periods of thirty (30) days each. Notwithstanding the foregoing, the time fixed for return of written ballots in director elections shall at all times coincide with the date of the meeting called for the election of directors, unless the meeting is duly adjourned without the conclusion of the election process, in which case the absentee balloting period may be extended to the date the adjourned meeting is reconvened.

(c) Content of Written Ballots.

(i) Director Elections. Written ballots distributed to elect directors shall set forth the names of the candidates alphabetically whose names are known to be in nomination at the time the ballot is issued pursuant to Section 7.04. The ballot shall

also provide a space where the Member can designate a vote for a “write-in” candidate.

(ii) Other Matters. Any written ballot distributed to the Members to vote on any issue other than the election of directors shall set forth the proposed action and provide an opportunity to specify approval or disapproval of the proposal.

(d) Requirements for Valid Action. Approval by written ballot shall be valid only when: (i) the number of votes cast by ballot within the time period specified equals or exceeds the quorum (as specified in Section 5.05), that would have been required to be present at a membership meeting if a meeting of the Members had been convened to vote on the proposal, and (ii) the number of approvals equals or exceeds the number of affirmative votes required to approve the action at a membership meeting.

(e) Solicitation Rules.

(i) Solicitation Rules, Generally. Written ballots shall be solicited in a manner consistent with the requirements of Section 5.04, pertaining to the issuance of notice of Members’ meetings. All solicitation of written ballots shall: (A) indicate the number of responses needed to meet the quorum requirement for valid action; (B) the time by which the written ballot must be received by the Association in order to be counted; and (C) in the case of any written ballot distributed to vote on matters other than the election of directors, the percentage of affirmative votes necessary to approve the measure submitted for membership approval.

(ii) Director Elections. Any solicitation materials accompanying written ballots distributed in director elections shall advise the Members that their ballots may either be returned by mail to the Association’s office or, if the Member attends the membership meeting in person, inserted in the ballot box maintained at the meeting at any time prior to commencement of the tabulation of ballots in the election.

(f) Additional Balloting Procedures. In order to insure secrecy of ballots and fairness in the conduct of director elections a minimum of one director will always be present during ballot counting. Additionally, the Board may utilize the services of a public accounting firm of good repute to receive and tabulate all ballots. In the event an accountant is retained to perform such services, he or she shall have the full powers of an inspector of elections appointed by the Board pursuant to Section 7614 of the Corporations Code.

(g) Notification of Results of Balloting Process. Upon tabulation of written ballots that are distributed to the Members to vote on any matter other than the election of directors, the Board shall notify the Members of the outcome of the vote within thirty (30) days following the close of the balloting process and tabulation of the ballots by posting results on the website and at the Association office. In the case of any election of directors the Board shall notify those Members present at the meeting of the results of the election immediately upon conclusion of the balloting process and tabulation of the ballots and the results of the election shall be stated in the minutes of the meeting. If the number of written ballots cast with respect to any matter within the time prescribed for the return of ballots is insufficient to constitute a quorum, the measure or proposal shall fail and the Board shall so notify the Members by posting results on the website and at the Association office.

(h) Prohibition on Revocation. Once cast, a written ballot may not be revoked.

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

Section 4.06. Vote of a Majority of a Quorum of the Members Required.

If a quorum is present, the affirmative vote of the majority of the Voting Power of Members represented at the meeting or casting votes by written ballot on any matter other than the election of directors shall be the act of the Members, unless the vote of a greater number or percentage is required by the Corporations Code or by the Articles of Incorporation or Bylaws of the Association. 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 seats.

ARTICLE V: MEMBERSHIP MEETINGS

Section 5.01. Place of Meetings. The meetings of the Members shall be at the principal office of the Association or at such other reasonable place within the County and at such time as may be designated by the Board in the notice of the meeting.

Section 5.02. Annual Meeting. There shall be an annual meeting of the Members held in the month of July of each year. The date, time and location of the meeting shall be set forth in the notice of meeting sent to the Members in accordance with Section

5.04. In addition to the annual meeting, the Board may call additional special meetings of the Members in accordance with Section 5.03.

Section 5.03. Special Meetings.

(a) Persons Entitled to Call Special Meetings. A majority of the Board, the president or five percent (5%) or more of the Members may call special meetings of the Members for any lawful business of the Association.

(b) Procedures for Calling Special Meetings Requested by Members. If a special meeting is called by Members other than the Board 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 to the Association Office or sent by registered mail or other facsimile transmission to the president, vice president, or the secretary of the Association. The officer receiving the request shall cause notice to be promptly given to the Members entitled to vote, in accordance with the provisions of Section 5.04 that a meeting will be held, and the date, time and purpose for such meeting, which date shall be not less than thirty-five (35) nor more than ninety (90) days following the receipt of the request. If the notice is not given within the twenty (20) days after receipt of the request, the persons requesting the meeting may give the notice. Nothing contained in this subparagraph shall be construed as limiting, fixing, or affecting the time when a meeting of Members may be held when the meeting is called by action of the Board of Directors or the president.

Section 5.04. Notice of Members' Meetings.

(a) Generally. All notices of regular and special meetings of Members shall be sent via U.S. Mail or otherwise given in writing to each Member who, on the record date for notice of the meeting (as provided in Section 5.08) is entitled to vote thereat, in accordance with Section 5.04(c), not less than twenty (20) nor more than ninety (90) days before the date of the meeting. The notice shall specify the place, date, and hour of the meeting and (i) in the case of a special meeting, the general nature of the business to be transacted, and no other business may in that case be transacted, or (ii) in the case of a regular meeting, those matters that the Board of Directors, at the time of giving the notice, intends to present for action by the Members. If such actions or matters that are not on the agenda are proposed, and a quorum of the Members is present, those Members may approve issuance of a written ballot to all Members to vote on the matter as provided in Section 4.05.

(b) Special Notice Rules for Certain Material Transactions. If action is proposed to be taken at any meeting for approval of any of the following proposals, the notice shall also

state the general nature of the proposal. Member action on such items is invalid unless the notice or written waiver of notice states the general nature of the proposal(s).

(i) Removing a director without cause;

(ii) Filling vacancies on the Board of Directors under those circumstances where a vote of the Members is required pursuant to Section 7.07;

(iii) Amending the Articles of Incorporation of the Association or these Bylaws in any manner requiring approval of the Members;

(iv) Approving a contract or transaction between the Association and one or more of its directors, or between the Association and any corporation, firm or association in which one or more of its directors has a material financial interest or having some other relationship that could create, or have the appearance of creating, a conflict of interest that should be disclosed;

(v) Voting upon any election to voluntarily terminate and dissolve the corporation.

(c) Mailing of Notice. Notice of any meeting of Members shall be given either personally or by first-class mail, email or other written communication, charges prepaid, addressed to each Member either at the address of that Member appearing on the books of the Association or the address given by the Member to the Association for the purpose of notice. If for any reason 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. If no address appears on the Association's books and no other has been given, notice shall be deemed to have been given if either (i) notice is sent to that Member by first-class mail or email or other written communication to the Association's principal office, or (ii) notice is published at least once in a newspaper of general circulation in the county where that office is located. Notice shall be deemed to have been given at that time when delivered personally or deposited in the mail or sent by email or other means of written communication.

(d) Affidavit of Mailing; Effect Thereof. An affidavit of mailing or other means of giving any notice of any Members' meeting may be executed by the secretary of the Association, and if so executed, shall be filed and maintained in the minutes book of the Association. Such affidavit shall constitute prima facie evidence of the giving of notice.

Section 5.05. Quorum Requirements.

(a) Minimum Quorum Requirement, Generally. The minimum quorum requirement for valid Member action shall be one-third of the Voting Power of the Members. This quorum percentage can be satisfied by Members physically in attendance at any annual or special meeting of the Members, and by Members who return written ballots within the prescribed balloting period for any election or other matter that is acted on by the Members through the use of written ballot voting.

(b) Effect of Withdrawal of Members from a Meeting. Members present at a duly held meeting at which a quorum is initially present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken (other than the vote on a motion to adjourn the meeting) is approved by at least a majority of the Members required to constitute a quorum.

Section 5.06. Adjourned Meeting. Any Members' meeting, annual or special, whether or not a quorum is present, may be adjourned to another time and/or place for no more than fourteen (14) days by the vote of the majority of Members represented at the meeting. The reconvened meeting, with a quorum present, may take any action which might have been transacted at the original meeting. Notice need not be given of the new meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. Notwithstanding the foregoing, if after adjournment a new record date is fixed for notice or voting, notice of the rescheduled meeting must be given to each Member who on the record date for notice of the meeting is entitled to vote thereat.

Section 5.07. Waiver of Notice. The transactions of any meeting of Members improperly called and noticed, and wherever held, are only valid if the requirements of Section 7511(c) of the Corporations Code are met.

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

(a) Record Dates, Generally. For the purpose of determining which Members are entitled to receive notice of any meeting, vote, act by written ballot without a meeting or exercise any rights in respect to any other lawful action, the Board of Directors may fix a "record date" and only Members of record on the date so fixed are entitled to notice, to vote, or to take action by written ballot or otherwise, as the case may be, notwithstanding any transfer of any membership on the books of the Association after the record date, except as otherwise provided in the Articles of Incorporation, by agreement, or in the

Corporations Code. The record dates established by the Board pursuant to this section shall comply with the following:

(i) Record Date for Notice of Meetings. The record date for determining those Members entitled to receive notice of a meeting of Members, shall be the business day preceding the day on which notice is given, or, if notice is waived, the business day preceding the day on which the meeting is held.

(ii) Record Date for Voting. The record date for determining those Members entitled to vote at a meeting of Members shall be the day of the meeting, or in the case of an adjourned meeting, the day of the adjourned meeting.

(iii) Record Date for Action by Written Ballot without a Meeting. The record date for determining those Members entitled to vote by written ballot on proposed Association actions without a meeting shall be the day on which the first written ballot is mailed or solicited.

(iv) Record date for Other Lawful Action. The record date for determining those Members entitled to exercise any rights in respect to any other lawful action shall be Members at the close of business on the day on which the Board adopts the resolution relating thereto, or the sixtieth (60th) day prior to the date of such other action, whichever is later.

(b) “Record Date” Means as of Close of Business. For purposes of this Section, a person holding a membership as of the close of business on the record date shall be deemed the Member of record.

ARTICLE VI: MEMBERSHIP RIGHTS

Subject to these Bylaws, the Members shall have the following rights:

Section 6.01. Use and Enjoyment of the Lake by Members and Family.

Each Member and the members of his or her family shall be entitled to the use and enjoyment of the Association’s Lake upon payment of annual dues subject to the terms, conditions and restrictions set forth in these Bylaws and the Twain Harte Lake Admission Rules. Further, Membership in the Association gives Members the privilege of using the Lake with a specific number of admissions which are not to be freely or capriciously distributed to person(s) who are not Members, or to otherwise eligible or potential

Members. Members are entitled, however, to authorize Lake admission to renters of the Member-transferor, so long as the name of the renter is given, in writing, to the gate house personnel (subject to payment of such additional admission fees for renters as may be established by the Board). Any Member violating these admission rules or the restrictions on admission credit transfers is subject to loss of his or her membership after notice and hearing rights described in Section 13.03.

Section 6.02. Renters, Invitees and Guests. The invitees and guests of a Member shall be subject to the same obligations imposed on the Owner to observe the Twain Harte Lake Admission Rules and the other applicable restrictions of these Bylaws. Admission rules may include the requirement that a fee be paid by renters for the privilege of admission and use of the Lake and other amenities of the Association.

Section 6.03. Association Rules and Regulations. The right of any person to use and enjoy the Lake and improvements thereon shall at all times be subject to the rules, limitations and restrictions set forth herein, the Twain Harte Lake Admission Rules and in the Association's published rules and regulations as promulgated by the Board from time to time. The Board shall have the right to impose monetary penalties or to expel a Member for a Member's failure to pay any Dues when due under these Bylaws or to comply with any other rule or regulation imposed upon such Member, his or her tenants or guests, pursuant to these Bylaws; provided, however, that any such expulsion shall only be imposed after such person has been afforded the notice and hearing rights more particularly described in Section 13.03.

ARTICLE VII: BOARD OF DIRECTORS

Section 7.01. General Association Powers. Subject to the provisions of the Corporations Code and any limitations in the Articles of Incorporation and these Bylaws relating to action required to be approved by the Members, the business and affairs of the Association shall be vested in and exercised by, the Association's Board of Directors. Subject to the limitations expressed in Section 10.01, the Board may delegate the management of the activities of the Association to any person or persons, or committee, provided that notwithstanding any such delegation the activities and affairs of the Association shall continue to be managed and all Corporate powers shall continue to be exercised under the ultimate direction of the Board.

Section 7.02. Number and Qualification of Directors. The Board of Directors shall consist of nine (9) persons, plus the *ex-officio* director, if any, authorized in

Section 7.05, who shall be Members whose memberships are in good standing with all dues and assessments current and not subject to any suspension. No person who has served two (2) consecutive and full three-year terms as a director is eligible to be elected or re-elected as a director until the annual meeting in the year following the expiration of his or her elected term as a director. No person who has served a one-year term as the *ex-officio* director is eligible to be elected or re-elected as a director until the annual meeting in the year following the expiration of his or her one (1) - year term as *ex-officio* director.

Section 7.03. Term of Office. At each annual meeting, the Members present in person at the meeting or who have cast a valid written ballot shall elect three (3) directors for a term of three (3) years to replace those directors whose terms are then expiring.

(a) The directors shall be elected by ballot in accordance with these Bylaws for a term of three (3) years or until their successors are elected and assume office.

(b) No person may serve more than two (2) consecutive and full three (3) year terms, pursuant to Section 7.02.

(c) Each director, including the director elected to fill a vacancy or elected at a special meeting of Members, shall hold office until the expiration of the term for which elected and until a successor is elected.

(d) A director who has served a half term or more in office shall be considered to have served a full term in office.

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

(a) Nomination by the Board of Directors. The Board of Directors shall nominate three (3) or more persons as candidates for election as directors at each annual meeting.

(b) Nomination by Petition. Additional candidates for election may be nominated by written petition, signed by fifteen (15) or more Members, and delivered to the Association Office no later than the May 1st preceding the annual meeting at which the election is to be held. The names of all candidates shall appear on the ballot without distinction; however, this shall not prohibit the dissemination of information as to the manner in which the candidates were nominated. No person shall be eligible for election as a director unless he or she is nominated in accordance with the procedures stated in this Section 7.04.

Section 7.05. Ex-Officio Director. The immediate past President of this Association, if his or her term as a director has expired, may serve for a term of one (1) year as an *ex-officio* director. As such, the immediate past President may participate in the meetings of the Board of Directors and may only vote to break a tie.

Section 7.06. Election of Directors.

(a) The annual election of directors shall be conducted by written ballot in accordance with Section 4.05.

(b) If for any reason an annual meeting is not held or the directors are not elected in a written ballot vote that is scheduled to coincide with the annual meeting, directors may be elected to fill vacant positions on the Board at any special meeting held for that purpose.

(c) Candidates receiving the highest number of votes shall be elected as directors. The directors thus elected shall take office on the first day of October next following the annual membership meeting at which they are elected.

Section 7.07. Removal of Directors and Filling Vacancies on the Board of Directors.

(a) Vacancies, Generally. A vacancy or vacancies in the Board of Directors shall be deemed to exist on the occurrence of any of the following: (i) the death, resignation or removal of a director pursuant to subparagraphs (d) and (e) hereof; (ii) an increase of the authorized number of directors; or (iii) the failure of the Members, at any meeting of Members at which any director or directors are to be elected, to elect the number of directors to be elected at such meeting.

(b) Resignation of Directors. Except as provided in this subparagraph, any director may resign, which resignation shall be effective on giving written notice to the president, the secretary, or the Board of Directors, unless the notice specifies a later time for the resignation to become effective. If the resignation of a director is effective at a future time, the Board of Directors may elect a successor to take office when the resignation becomes effective.

(c) Filling of Vacancies.

(i) Unless a vacancy is created by removal of a director from office by vote of the Members, vacancies on the Board may be filled by the vote of a Majority of a Quorum of the Board, or if the number of directors then in office is less than a quorum, the vacancy may be filled by (A) the unanimous written consent of the remaining directors, (B) the affirmative vote of a majority of the remaining directors then in office at a duly held meeting or (C) by the sole remaining director.

(ii) When a director is removed from office by action of the Members, his or her position shall be filled by the affirmative vote of a Majority of a Quorum of the Members conducted at a duly held meeting at which a quorum is present or by written ballot.

(iii) Furthermore, the Members may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors by an election conducted at a duly held meeting of the Members at which a quorum is present or by written ballot.

(d) Authority of the 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 has (i) been declared of unsound mind by a final order of court; (ii) been convicted of a felony; (iii) been found by a final order or judgment of any court to have breached any duty under Sections 7230 through 7238 of the Corporations Code; or (iv) if the director fails to attend three (3) consecutive regular meetings of the Board of Directors which have been duly noticed in accordance with California Law.

(e) Removal by the Members. Except as otherwise provided in the immediately preceding subparagraphs (c) and (d), in this Section, a director may only be removed from office prior to expiration of his or her term by the affirmative vote of two-thirds (2/3) of a quorum of the Members conducted at a duly held meeting or by written ballot.

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

ARTICLE VIII: BOARD MEETINGS

Section 8.01. Place of Meetings; Meetings by Telephone. Regular and special meetings of the Board of Directors may be held at any place within the County that has been designated from time to time by resolution of the Board and stated in the notice of the meeting. In the absence of such designation, regular meetings shall be held at the principal office of the Association. Notwithstanding the provisions of this Section, a regular or special meeting of the Board may be held at any place consented to in writing by all the Board members, either before or after the meeting. If consents are given, they shall be filed with the minutes of the meeting. 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 8.02. Annual Meeting of Directors. In conjunction with the annual meeting of the Members, the Board of Directors shall hold a regular meeting for the purpose of organization, election of officers, and the transaction of other business. Notice of this meeting shall not be required.

(a) Other Regular Meetings. In addition to the annual meeting of directors, other regular meetings of the Board shall be held without call at such time as shall from time to time be fixed by the Board of Directors and communicated to the Board members. Ordinarily, regular meetings shall be conducted at least nine (9) times per year. Notice of the date, time and place of regular meetings shall be communicated to the Board members not less than seventy-two (72) hours prior to the meeting; provided, however, that notice need not be given to any Board member who has signed a written waiver of notice or consent to holding the meeting as more particularly provided in Section 8.07. In addition, the Board shall be entitled to adopt a schedule of Board meeting dates (with commencement time and location stated) and in the event such a schedule is adopted, no further notice of a scheduled regular meeting need be given, so long as the schedule is presented in the minutes of the meeting at which the schedule is adopted or in a separate notice delivered to all directors and Members. Notice shall be given in accordance with this Section of any meeting that is called at a date, time or location that is different from that set forth in a duly adopted annual meeting schedule.

Section 8.03. Special Meetings of the Board.

(a) Who May Call a Special Meeting. Special meetings of the Board of Directors for any purpose may be called at any time by the president or any two (2) directors.

(b) Notice of Special Meetings.

(i) Manner of Giving. Notice of the time and place of special meetings of the Board shall be given to each director by one of the following methods: (A) by personal delivery of written notice; (B) by first-class mail, postage prepaid; (C) by telephone communication, either directly to the director or to a person at the director's home or office who would reasonably be expected to communicate such notice promptly to the director; or (D) by email. All such notices shall be given or sent to the director's primary address, email address, or telephone number as shown on the records of the Association. Notice of a meeting need not be given to any director who signed a written waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, as more particularly provided in Section 8.07.

(ii) Time Requirements. Notices sent by first-class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, or email given at least forty-eight (48) hours before the time set for the meeting.

(iii) Notice Contents. The notice shall state the date, time, place, and the general purpose of the meeting.

Section 8.04. Attendance by Members. All meetings of the Board shall be open to Members of the Association; provided, however, that non-director Members may only participate in deliberations or discussions of the Board when expressly authorized by a vote of a Majority of a Quorum of the Board; and provided further that the Board shall be entitled to adjourn at any time for purposes of reconvening in executive session to discuss litigation in which the Association is or may become a party, personnel matters, formation of contracts with third parties, or business of a similar nature in which confidentiality is necessary or appropriate to protect the best interests of the Association and its Members. In the event that an open meeting is adjourned to discuss or take action on a matter that necessitates deliberations in executive session, prior to adjourning into an executive session, the topic(s) to be discussed in the executive session shall be announced, in general terms, to the Members in attendance at the meeting.

Section 8.05. 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 8.08. 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 Corporations Code. A meeting at which a quorum of the directors 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.

Section 8.06. Waiver of Notice. The transaction of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the directors not present, individually or collectively, signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the Association records or made a part of the minutes of the meeting and shall have the same force and effect as a unanimous vote of the Board. The requirement of notice of a meeting shall also be deemed to have been waived by any director who attends the meeting without protesting before or at its commencement about the lack of notice.

Section 8.07. Adjournment. A majority of the directors present at a meeting, whether or not constituting a quorum, may adjourn the meeting to another time and place or may adjourn for purposes of reconvening in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved and orders of business of a similar nature; provided, however, that adjournment to executive session can only be effected by approval of a Majority of a Quorum of the Board. The nature of any matter to be considered in executive session must first be announced in open session. If the meeting is adjourned for more than twenty-four (24) hours, notice of adjournment to any other time or place shall be given prior to the time of the adjourned meeting to the directors who are not present at the time of the adjournment. Except as provided in this Section, notice of adjournment need not be given.

Section 8.08. Action Without a Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board and shall be available for inspection by the Members.

Section 8.09. 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 shall be supported by an invoice or voucher acceptable to the Board.

ARTICLE IX: DUTIES AND POWERS OF THE BOARD

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

- (a) Exercise all powers vested in the Board under the laws of the State of California.
- (b) Appoint and remove all officers of the Association, the General Manager of the Association, if any, and other Association employees; prescribe any powers and duties for such persons that are consistent with the laws of the State of California, the Articles of Incorporation and these Bylaws.
- (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 governing the affairs and activities of the Association, and take such steps as it deems necessary for the enforcement of such rules and regulations, including the imposition of monetary penalties and/or the suspension of voting rights or Lake access and use privileges; provided notice and a hearing are provided as more particularly set forth in Section 7341 of the Corporations Code and Section 13.03.
- (e) Enforce all applicable provisions of these Bylaws.
- (f) Contract for and pay premiums for insurance and bonds (including indemnity bonds) which may be required from time to time by the Association.
- (g) Pay all taxes, and charges which are or would become a lien on any portion of the Association's properties.
- (h) Contract for and pay for construction or reconstruction of any portion or portions of the Association's properties which have been damaged or destroyed and which are to be rebuilt.

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

(j) Levy and collect dues from the Members of the Association in accordance with Article XII.

(k) 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 including both a profit and loss statement and a balance sheet. Copies of the annual financial report and the budget of the Association for the then current year shall be available at the annual membership meeting. Any document, minutes or other records, with the exception of any information not reasonably related to such person's interest as a Member or protected under Section 8832 of the Corporations Code, of the Association that are open for Member inspection and copying can be obtained at the Association office or mailed to a requesting Member. Members requesting copies shall pay the Association's actual out-of-pocket costs of copying and mailing the information pursuant to Section 14.01(d).

(l) 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.

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

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

(o) Bring and defend actions on behalf of more than one Member or the Association to protect the interests of the Members or the Association, as such, so long as the action is pertinent to the operations of the Association, and assess the Members for the cost of such litigation.

Section 9.02. Limitations on Powers. Without the vote or written assent of a Majority of a Quorum of the Members, the Board of Directors shall not take any of the following actions:

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

(b) Pay compensation to members of the Board of Directors or officers of the Association; provided that directors and officers can be reimbursed for reasonable out-of-pocket expenses, verified in writing, incurred in the discharge of their duties.

(c) Fill any vacancy on the Board of Directors created by the removal of a director (excluding filling vacancies on the Board of Directors created by the removal by Members, pursuant to Section 7.07(e)).

ARTICLE X: COMMITTEES

Section 10.01. Committees of Directors. The Board may, by resolution adopted by a majority of the directors then in office, designate one (1) or more committees, each consisting of two (2) or more Members (who may also be directors), to serve at the pleasure of the Board. Unless the resolution of the Board creating a committee expressly provides otherwise, committees shall function solely in an advisory capacity to the Board, making recommendations to the Board with respect to matters within their area of assigned responsibility. No committee, regardless of Board resolution, may:

(a) Take any final action on any matter which, under the Corporations Code also requires approval of the Members.

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

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

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

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

(f) Expend Association funds to support a nominee for director after there are more people nominated for director than can be elected.

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

Section 10.02. Meetings and Actions of Committees. Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of Article VIII, concerning meetings of directors, with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the Board of Directors and its members, except that the time for regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee. Special meetings of committees may also be called by resolution of the Board of Directors. Notice of special meetings of committees shall also be given to any and all alternate members, who shall have the right to attend all meetings of the Committee. Unless the obligation to maintain minutes is dispensed with in the Board resolution forming a committee and enumerating its duties, minutes shall be kept of each meeting of any committee and shall be filed with the Association records. The Board of Directors may adopt rules not inconsistent with the provisions of the Bylaws for the governance of any committee.

ARTICLE XI: OFFICERS

Section 11.01. Officers. The officers of the Association shall be a president, a vice president, a secretary and a treasurer. All officers shall serve at the pleasure of the Board of Directors. One person may hold two (2) or more offices, except that neither the secretary nor the treasurer may serve concurrently as president.

Section 11.02. Election of Officers. The officers of the Association, except such officers as may be appointed in accordance with the provisions of Section 11.05, shall be chosen annually by majority vote of the Board and the slate of officers shall be announced to the Members at the annual membership meeting and disclosed in the minutes of the annual meeting. Each officer of the Association shall hold his or her office for a term of one (1) year and until his or her successor is elected or until his or her resignation, death, or removal.

Section 11.03. Removal of Officers. Any officer may be removed, either with or without cause, by the Board at any regular or special meeting of the Board.

Section 11.04. Number of Terms. Officers of the Association can serve multiple one (1) year terms in any office during the same three (3) year period.

Section 11.05. Resignation of Officers. Any officer may resign at any time by giving written notice to the Board or to the president or to the secretary. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Association under any contract to which the officer is a party.

Section 11.06. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the Bylaws for filling director vacancies.

Section 11.07. President. The president shall be elected by the Board from among the directors. He or she shall be the Chair of the Board of the Association and shall preside at all meetings of the Board, and shall have the general power and duties usually vested in the office of president of a corporation together with such other powers and duties as may be prescribed by the Board or the Bylaws.

Section 11.08. Vice President. The vice president shall be elected by the Board from among the directors. In the absence or disability of the president, the vice president shall perform all the duties of the president and when so acting shall have all the powers of, and be subject to all the restrictions upon, the president. He or she shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or the Bylaws.

Section 11.09. Secretary. The secretary shall be elected by the Board from among the directors. In addition to such other duties as may be delegated to the Secretary by the Board of Directors, the principal duties and responsibilities of the secretary shall include: (a) keeping or causing to be maintained at the principal office of the Association 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 the directors' meetings, the number of Members present at Members' meetings, and the proceedings thereof; (b) keeping or causing to be maintained appropriate current records showing the names and mailing addresses of the Members of the Association; (c) issuing or causing to be issued notices of all meetings of the Board required by the Bylaws or by law

to be given to the directors and the Members; and (d) maintaining a record of all correspondence received from or sent by the Board or officers to the Members, either in conventional written form or documented electronic media. Access to certain records maintained by the Secretary may be restricted.

Section 11.10. Treasurer. The treasurer shall be elected by the Board from among the directors. The treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings and other matters customarily included in financial statements. The treasurer shall prepare regular financial reports for the Board of Directors and shall prepare and present a financial report to Members at the Annual Meeting. The books and records shall at all reasonable times be open to inspection by any director or Member. The treasurer shall cause all monies and other valuables to be deposited in the name and to the credit of the Association with such depositaries as may be designated by the Board. He or she shall insure that funds of the Association are disbursed as may be ordered by the Board, shall render to the president and directors whenever they request it, an account of all of his or her transactions as treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or Bylaws.

ARTICLE XII: DUES AND FINANCES

Section 12.01. Description of Dues to which Members are Subject. All Members of the Association shall be obligated to pay to the Association annual dues in an amount that is determined by the Board of Directors and communicated to the Members on or before the annual membership meeting.

Section 12.02. Checks. All checks or demands for money and notes of the Association shall be signed by the President, Treasurer or by such other Officer or Officers or such other person or persons as the Board of Directors may from time to time authorize through action at a regular or special Board Meeting.

Section 12.03. Operating Account. There shall be established and maintained a cash deposit account to be known as the "Operating Account" into which shall be deposited the Member dues, assessments, and all other income unless otherwise designated by the Board of Directors. Disbursements from such account shall be to defray the usual and customary operating, management, and maintenance expenses of the

Association, including, but not limited to, wages, repairs, betterments, maintenance, and other operating expenses of the Properties.

Section 12.04. Other Accounts. The Board may maintain any other accounts that the Board, in its discretion, deems necessary or appropriate to properly carry out the purposes of the Association, including, without limitation, reserve accounts for replacement of capital improvements owned by the Association.

Section 12.05. Budgets and Financial Statements. The following financial statements and related information for the Association shall be regularly prepared and maintained by the Association:

(a) Budget. A budget for each fiscal year consisting of at least the following information shall be prepared by or at the direction of the Board not less than thirty (30) nor more than one hundred and twenty (120) days prior to the beginning of the fiscal year.

(i) Estimated revenue and expenses on an accrual basis;

(ii) The amount of the total cash reserves of the Association currently available for replacement or major repair of the Association's capital assets and for contingencies;

(b) Year-End Report. Within one hundred twenty (120) days after the close of the fiscal year, a year-end financial report consisting of at least the following shall be completed by or under the direction of the Board of Directors and made available to the Members upon request.

(i) A balance sheet as of the end of the fiscal year;

(ii) A profit and loss statement for the fiscal year;

(iii) A statement of changes in financial position for the fiscal year;

(iv) A statement advising Members of the place where the names and addresses of the current Members are located; and

(v) Any information required to be reported under Section 8322 of the Corporations Code requiring the disclosure of certain transactions in excess of Fifty Thousand Dollars (\$50,000) per year between the Association and any director or

officer of the Association and indemnifications and advances to officers or directors in excess of The Thousand Dollars (\$10,000) per year.

(vi) The annual financial report shall be prepared for any fiscal year in which the gross income of the Association exceeds Ten Thousand Dollars (\$10,000). If the annual financial report is not prepared by an independent accountant it shall be accompanied by the certificate of an authorized officer of the Association that the statement was prepared without an audit from the books and records of the Association.

Section 12.06. Financial Statements. A copy of any annual financial report and any profit and loss statement of the Association for each quarterly period of each fiscal year, and any accompanying balance sheet of the Association as of the end of such period, that has been prepared by the Association shall be kept on file in the principal office of the Association for at least three (3) years and each such statement shall be exhibited at all reasonable times to any Member demanding an examination of such statement or a copy shall be mailed to any such Member upon request subject to Section 14.01.

(a) Member Request. If a Member representing at least five percent (5%) of the Voting Power of the Association makes a written request to the Association for (a) an income statement of the Association for the three-month, six-month or nine-month period of the then current fiscal year ended more than thirty (30) days before the date of the request, or (b) a balance sheet of the Association as of the end of that period, (c) or both, then the treasurer shall cause such statement or balance sheet to be prepared, if not already prepared, and shall deliver personally or mail such statement or balance sheet within thirty (30) days after the receipt of the request. If the Association has not sent to the Members an annual financial report for the last fiscal year, the treasurer shall also deliver or mail to the requesting Members, within thirty (30) days after the request, a balance sheet as of the end of such fiscal year and a profit and loss statement and statement of changes in financial position for such fiscal year subject to Section 14.01(c).

(b) Profit and Loss Statements. The Association shall also, on the written request of any Member, mail to the Member a copy of the last annual, semiannual, or quarterly profit and loss statement which it has prepared, and a balance sheet as of the end of that period pursuant to Section 14.01(c).

(c) Independent Accountant Report; Certificate of Authorized Officer. The profit and loss statements, statements of changes in financial position, and balance sheet referred to in this Section shall be accompanied by the report, if any, of any independent accountants engaged by the Association or the certificate of an authorized officer of the

Association that the financial statements were prepared without audit from the books and records of the Association.

Section 12.07. Fiscal Year. The fiscal year of the Association shall be October 1 through September 30.

ARTICLE XIII: EXPULSION AND DISCIPLINE OF MEMBERS

Section 13.01. Non-Payment of Dues and Special Assessments. Notice of and an invoice for annual dues shall be mailed to Members before March 1, and annual dues shall be payable upon receipt of the notice and invoice. Annual dues shall be delinquent if not paid by May 1 of each year. Notice of and an invoice for any special assessments shall be mailed to Members before and any special assessments shall be payable by the date specified in the notice. Any special assessments shall be delinquent if not paid by the date specified in the notice. Thereafter, written notice of delinquency shall be mailed to each Member who has not paid his, her, or their annual dues advising that he, she, or they shall be expelled as a Member, and his, her or their membership will be terminated, pursuant to the disciplinary procedures of Section 13.03, unless payment of annual dues are made to the Association on or before May 15. Written notice of delinquency with respect to any special assessment shall be mailed to each Member who has not paid his, her, or their special assessments, advising that he, she, or they shall be expelled as a Member, and his, her, or their membership will be terminated, pursuant to the disciplinary procedures of Section 13.03.

Section 13.02. Other Grounds for Expulsion or Other Discipline. Each person using the Lake or other facilities and/or other property owned and operated by this Association must at all times conduct himself or herself in accordance with all published rules of this Association regarding such usage, and each Member is responsible for and accountable to this Association for his or her behavior while using such facilities and/or property, as well as for the behavior of all family members, guests and renters using such facilities and/or property with his or her permission. Violation of such rules by any Member, or by any other user for whose behavior that Member is responsible and accountable, shall be grounds for expulsion of that Member and termination of his or her membership or suspension of the rights of the Member and his or her family, renters, guests and invitees to use the Association facilities. Without limiting the foregoing, the Board of Directors may expel or suspend the rights of a Member on account of:

(a) Any one incident involving the possession, sale, use, or consumption of any alcoholic beverage or narcotic drug on such facilities and/or property; provided however that this shall not apply to the consumption of alcoholic beverages by adults at Association events where the sale or consumption of alcoholic beverages has been approved by the Board;

(b) Any one incident involving unsafe behavior, including unsafe operation of any boat or motor vehicle on such facilities and/or property, that results in serious injury, property damage, or loss of life;

(c) Any one incident involving theft of or vandalism to any facilities and/or property of the Association, or any property of any user of the Association's facilities; or

(d) Any three or more violations, in a single year, of any other published rule regarding usage of the facilities of the Association, which violations need not be of the same rule.

Section 13.03. Disciplinary Procedures. Whenever it shall appear to the Board of Directors that a ground or grounds exist for the expulsion of a Member or the suspension of a Member's voting rights or Lake access and use privileges, at least fifteen (15) days prior written notice of the expulsion, and the reason or reasons therefor, shall be given to the Member, and the Member shall be provided with an opportunity to be heard, orally or in writing by the Board of Directors not less than five (5) days before the effective date of the expulsion or imposition of other disciplinary action. The decision of the Board of Directors shall be final, and its findings shall not be set aside unless shown to be clearly erroneous.

ARTICLE XIV: MISCELLANEOUS

Section 14.01. Inspection of Books and Records.

(a) Inspection by Members. The accounting books and records and minutes of proceedings of the Members and the Board and committees of the Board shall be open to inspection by Members upon written demand to the Association so long as the demand states a purpose for the requested inspection that is reasonably related to the requesting Member's interest in the organization, Pursuant to Section 8330 of the Corporations Code Members have a general right to access and copy the Association's membership list unless

the Association provides the requesting Member with a reasonable alternative to provision of the list within ten (10) days following receipt of a demand which must be for a purpose that is reasonably related to the requesting Member's interest as an Association Member. As stated in Section 14.01(b), it is the policy and practice of the Association to protect the privacy of its Members' personal information to the greatest extent possible. In no event shall any Member have a right to access Association information for any purpose that is not reasonably related to a Member's interest in the Association, such as for commercial uses and other uses set forth in Corporations Code Section 8338.

(b) Protection of Privacy Interests of the Members. In order to accommodate Members' reasonable expectation of privacy regarding their personal information, the Association (i) shall not voluntarily disclose the name, address, telephone number or email address of any Member, unless that Member has consented in writing to such disclosure or the disclosure is compelled by order of a court of competent jurisdiction; (ii) shall in all instances enjoy the right to offer the requesting Member a reasonable alternative to any disclosure of information pursuant to Section 8330(c) of the Corporations Code; (iii) shall not authorize any person to whom any disclosure may be made to use the information obtained from, or disclosed by, the Association for any purpose prohibited by Section 8338(a) of the Corporations Code; and (iv) shall be entitled to receive from any requesting Member to whom disclosures may be made of suitable written assurances that the Member shall only use the information for a reason that is reasonably related to the requesting Member's interest in the Association.

(c) Where Inspection Rights May be Exercised. The Association shall make the accounting books and records and the minutes of Association proceedings available for inspection and copying in the Association's business office or if there is not such office at a mutually agreeable location, during normal business hours, as established by the Association and the Member who requests the inspection; provided, however, that the Association has the right to satisfy the requirement to make the accounting books and records and the minutes of proceedings available for inspection and copying by mailing copies of the requested records to the Member by first-class mail within ten (10) days of receiving the Member's request.

(d) Cost of Copies. The Association may bill the requesting Member for its actual, reasonable costs for copying and mailing requested documents so long as the Association informs the Member of the amount of the copying and mailing costs, including employee time, before sending the requested documents. Nothing in this subparagraph shall be construed to obligate the Association to make copies of requested documents or to organize or compile specific information or categories of information sought by a

requesting Member under circumstances where the Association has made the information available for inspection and copying by the Member or his or her agent.

(e) Electronic Delivery of Information. Requesting parties shall have the option of receiving specifically identified records by electronic transmission or machine-readable storage media as long as those records can be transmitted in a redacted format that does not allow the records to be altered. Under such circumstances, the cost of the duplication for purposes of Section 14.01(d) shall be limited to the direct cost of producing the copy of a record in that electronic format. The Association may deliver specifically identified records by electronic transmission or machine-readable storage media as long as those records can be transmitted in a redacted format that prevents the records from being altered.

(f) Inspection by Directors. 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. Directors are under a common law fiduciary obligation to use and to disseminate Association information they obtain in a manner that is consistent with their obligation to act in the best interests of the Association and its Members, as a whole, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances or as required by Section 7231 of the Corporations Code.

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

Section 14.02. General Manager. The Board may, from time to time, employ the services of a manager to manage the affairs of the Association and, to the extent not inconsistent with the laws of the State of California, and upon such conditions as are otherwise deemed advisable by the Board, the Board may delegate to the manager any of its day-to-day management and maintenance duties and powers under these Bylaws, provided that the general manager shall at all times remain subject to the general control of the Board.

Section 14.03. Corporate Seal. The Association shall have a seal in circular form having within its circumference the words "Twain Harte Lake Association" Incorporated October 7, 1938, State of California.

Section 14.04. Amendment or Repeal of Bylaws.

(a) Amendment by Approval of the Members. Except as otherwise expressly provided herein, and particularly by Section 14.04(b) these Bylaws may only be amended or repealed, and new Bylaws adopted by the affirmative vote or written ballot of two-thirds (2/3) a Majority of a Quorum of the Members; provided that if any provision of these Bylaws requires the vote of a larger proportion or all of the Members, such provisions may not be altered, amended or repealed except by such greater vote, unless otherwise specifically provided herein.

(b) Amendments of the Bylaws on Board Action Alone. The Board of Directors shall have the power and authority to approve amendments to these Bylaws, without necessity of further Member approval, under the following limited circumstances:

(i) The amendment or amendments are strictly limited to changes in the Bylaws that are required to conform the text of particular Bylaw provisions to changes in the Corporations Code or other applicable laws pertaining to common interest developments or owner associations (collectively “statutory law changes”);

(ii) The statutory law changes are non-discretionary, meaning that the Association is mandated to abide by or to follow the statutory law changes and a written opinion has been received by the Association Board from its legal counsel confirming that fact;

(iii) The Board has provided all Members with the text of the proposed Bylaw amendment(s), together with a copy of the opinion of the Association’s legal counsel at least thirty (30) days prior to the scheduled date for the Board meeting at which approval of the amendment(s) is scheduled to be taken; and

(iv) Board action to approve the amendment is taken at a meeting that is open to attendance by the Members. In the event that any revisions are made to the text of the amendment at the time of its approval, a copy of the amendment as approved in its modified form shall again be distributed to all Members.

Section 14.05. Notice Requirements. Any notice or other document permitted or required to be delivered as provided herein shall be delivered either personally or by regular mail in accordance with the notice requirements of Section 5.04(c).

Section 14.06. Annual Statement of General Information. As and when required by Section 8210 of the Corporations Code, the Association shall file with the

