

**AMENDED BYLAWS OF THE  
GEORGE RANCH COMMUNITY ASSOCIATION  
a California Nonprofit Mutual Benefit Association**

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ARTICLE I

NAME

The name of this corporation shall be the George Ranch Community Association (hereinafter referred to as the "Association").

ARTICLE II

OFFICES AND DEFINITIONS

SECTION 1. PRINCIPAL OFFICE

The principal office for the transaction of the business of the Association ("principal executive office") is located at Sonoma County, California. The directors may change the principal office from one location to another. Any change of this location shall be noted by the secretary on these bylaws opposite this Section, or this Section may be amended to state the new location.

SECTION 2. DEFINITIONS

The terms used herein shall have the meanings set forth in Article I of the Declaration of Amendment to and Restatement of the Covenants, Condition and Restrictions of George Ranch, recorded on March 12, 1996, as Recorders Instruments No. 1996 - 0021337, in the Official Records of Sonoma County, California (the "Declaration").

ARTICLE III

OBJECTIVES AND PURPOSES

The objectives of the Association shall be to engage in any lawful act or activity for which a corporation may be organized under the Nonprofit Mutual Benefit Corporation Law, specifically and primarily:

- (a) to be a residential real estate management association;
- (b) To provide for the acquisition, construction, management, maintenance and care of real and personal property by the Association or commonly held by the members of the

Association or located in the George Ranch subdivision and annexations thereto (which subdivision is located in Sonoma County, California and further described in Exhibit A, attached hereto and incorporated hereby), and privately held by the members of the Association; and

(c) otherwise to act and be operated as a “homeowner’s association” as defined in Section 528 of the Internal Revenue Code of 1954, as amended.

## ARTICLE IV

### MEMBERSHIP

Members of the Association shall be those persons, firms, corporations or associations who own a Subdivision Interest in the George Ranch. “Subdivision Interest” as used herein shall mean any lot in the George Ranch and appurtenant rights and interest, but not including any lot designed as “Common Area” pursuant to the Declaration.

#### SECTION 1. FEES, DUES, AND ASSESSMENTS

Each member shall pay to the Association all assessments levied pursuant to Article IV of the Declaration.

#### SECTION 2. TERMINATION OF MEMBERSHIP

The membership of any member shall terminate upon the transfer of title of that member’s Subdivision Interest.

Concurrently with the consummation of the sale of any Subdivision Interest under circumstances whereby the transferee becomes an owner thereof, or within five (5) business days thereafter, the transferor and transferee shall separately notify the Governing Body (or “board of directors”) in writing of such sale. Such notification shall set forth the name of the transferee and his mortgagee and transferor, the common address of the lot purchased by the transferee, the transferee’s and the mortgagee’s mailing address, and the date of sale. Prior to the receipt of such notification, any and all communications required or permitted to be given by the Association, the Governing Body or agent thereof shall be deemed to be duly made and given to the transferee if duly and timely made and given to said transferee’s transferor.

A member who has sold his Subdivision Interest to a contract purchaser under an agreement to purchase shall be entitled to delegate to such contract purchaser his membership rights in the Association. Such delegation shall be in writing and shall be delivered to the Governing Body before such contract purchaser may vote. However, the contract seller shall remain liable for all charges and assessments until fee title to the Subdivision Interest sold is transferred.

### SECTION 3. SUSPENSION OF MEMBERSHIP RIGHTS

Any sanctions against a member, including the imposition of monetary penalties and temporary suspensions of a member's rights, shall be undertaken by the Governing Body in accordance with the Declaration. Any suspension shall also be in accordance with the following procedure:

(a) A notice shall be given personally or by first class registered or certified mail, or telegraphic or other written communication, to the most recent address of the member as shown on the Association's records, setting forth the suspension and the reasons therefor. Such notice shall be sent at least fifteen (15) days before the proposed effective date of the suspension.

(b) The member being suspended shall be given an opportunity to be heard, either orally or in writing, at a hearing to be held not fewer than five (5) days before the effective date of the proposed suspension. The hearing will be held by a special member suspension committee composed of not fewer than three directors appointed by the president. The notice to the member of his proposed suspension shall state the date, time, and place of the hearing on the proposed suspension.

(c) Following the hearing, the suspension committee shall decide whether or not the member should in fact be suspended or sanctioned in some other way. The decision of the committee shall be final.

## ARTICLE V

### MEETINGS OF MEMBERS

#### SECTION 1. PLACE OF MEETING

Meetings of the membership shall be held at any place within the State of California designated by the Governing Body. In the absence of any such designation, members' meetings shall be held at the George Ranch.

#### SECTION 2. ANNUAL MEETING

The Annual Meeting shall be held no later than ninety (90) days after the close of the Association's fiscal year with the specific day and time to be determined by the Board. The Board shall specify the location of the meeting in the notice for the meeting.

#### SECTION 3. SPECIAL MEETING

(a) Authorized persons who may call. A special meeting of the members shall be promptly called by the Governing Body upon:

(i) the vote for such a meeting by a majority of a quorum of the Governing Body; or

(ii) receipt of a written request for a special meeting signed by members representing at least five percent (5%) of the total voting power of the Association.

(b) Calling meetings by members. If a special meeting is called by any person, other than the board of directors, entitled to call a special meeting of the members, the request shall be submitted by such person in writing to the chairman of the board, the president, any vice president, or the secretary of the Association. Such request shall specify the general nature of the business proposed to be transacted. 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 4 of this Article, that a meeting will be held at a date and time fixed by the board of directors, 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 Subsection shall be construed as limiting, fixing, or affecting the time when a meeting of members may be held when the meeting is called by action of the board of directors.

#### SECTION 4. NOTICE OF MEMBERS' MEETINGS

(a) General notice contents. All notices of meetings of members shall be sent or otherwise given in accordance with Subsection (c) of this Section not less than fifteen (15) 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 the annual meeting, those matters which the board of directors, at the time of giving the notice, intends to present for action by the members.

(b) Notice of certain agenda items. 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. In the absence of unanimous approval by those entitled to vote, member action on such items is invalid unless the notice or written waiver of notice states the general nature of any such proposal:

(i) removing a director without cause;

(ii) filling a vacancy on the board of directors by the members;

(iii) approving a contract or transaction in which a director has a material financial interest;

(iv) amending the Articles when member approval is required by the California Nonprofit Corporation law, or

(v) approving a plan of distribution of assets, other than cash, in liquidation.

(c) Manner of giving notice. Notice of any meeting of members shall be given either personally or by first-class registered or certified mail, telegraphic or other written communication, charges prepaid, addressed to each member who, on the record date for notice of the meeting, is entitled to vote there at, either at the address of that member appearing on the books of the Association or the address given by the member to the Association for the purpose of notice. If no address appears on the Association's books and no address has been so given, notice shall be deemed to have been given if either:

(i) notice is sent to that member by first-class registered or certified mail or telegraphic or other written communication to the Association's principal executive 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 the time when delivered personally or deposited in the mail or sent by telegram or other means of written communication.

(d) Affidavit of mailings, notice. An affidavit of the mailing or other means of giving any notice of any members' meeting or report may be executed by the secretary, assistant secretary, or any transfer agent of the Association giving the notice or report, and if so executed, shall be filed and maintained in the minute book of the Association.

## SECTION 5. QUORUM

(a) Percentage required. Presence in person or by proxy of fifty-one percent (51%) of the voting power of the Association shall constitute a quorum for the transaction of business at a meeting of the members of the Association.

(b) Loss of quorum. The members present at a duly called or duly held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the members required to constitute a quorum.

## SECTION 6. ADJOURNED MEETING

In the absence of a quorum at a member's meeting, a majority of those present, in person or by proxy, may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum by those in attendance shall be to a date not less than fifteen (15) days and not more than forty-five (45) days from the original meeting date. Presence in person or by proxy of twenty-five percent (25%) of the total voting power of the Association shall constitute the quorum for an adjourned meeting. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to members in the manner prescribed in Section 4 of this Article.

## SECTION 7. VOTING

(a) Voting and eligibility to vote. Each member shall be entitled to cast one (1) vote for each Subdivision Interest owned by that member on all matters submitted to a vote of the members. Persons entitled to vote at any meeting of members shall be regular members as of the date determined in accordance with Section 10 of this Article, subject to the provisions of the California Nonprofit Corporation Law.

(b) Manner of casting votes. Voting may be by voice or ballot provided that any election of directors must be by secret written ballot.

(c) Only majority of members represented at meeting required, unless otherwise specified. 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 members, unless the vote of a greater number is required by the Articles, the Declaration, or by the California Nonprofit Corporation Law.

(d) Voting joint ownership. Each member shall be entitled to vote one (1) vote for each Subdivision Interest. If a Subdivision Interest is owned by more than one person each person shall be a member of the Association, but there shall be no more than one (1) vote for each Subdivision Interest. Such single vote shall be cast by the designated "Voting Owner" for that Subdivision Interest as hereinafter provided. Fractional votes shall not be allowed and in no event shall more than one vote be cast with respect to any one Subdivision Interest. When more than one (1) person owns a single Subdivision Interest, there shall be one "Voting Owner" for such Subdivision Interest. The "Voting Owner" shall be designated by the record owner or owners of each Subdivision Interest by written notice to the Governing Body. Said designation shall be revocable at any time by actual notice to the Governing Body given by any record owners of the Subdivision Interest or by the death or judicially declared incompetence of any such owner. The power herein conferred to designate a "Voting Owner" and to revoke said designation, may be exercised by the Subdivision Interest owner's conservator, by the guardian of his estate, by the parent or parents entitled to custody of a minor in the case of such an owner being a minor having no guardian, during the administration of his estate, by the executor or administrator of a deceased record Subdivision Interest owner where the latter's interest in said property is subject to administration in his estate. Where no "Voting Owner" of a Subdivision Interest has been designated, or where said designation has been revoked as provided, the vote for such Subdivision Interest shall be exercised as the majority of co-owners of the Subdivision Interest mutually agree. No vote shall be cast for any Subdivision Interest where there is no designated "Voting Owner" and the majority of co-owners present and representing said Subdivision Interest cannot agree to said vote or other action.

## SECTION 8. WAIVER OF NOTICE OR CONSENT BY ABSENT MEMBERS

(a) Written waiver or consent. The transactions of any meeting of members however called or noticed, and wherever held, shall be as though taken at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after

the meeting, each person entitled to vote, who was not present in person or by proxy, signs a written waiver of notice or a consent to a holding of the meeting, or an approval of the minutes thereof. The waiver of notice or consent need not specify either the business to be transacted or the purpose of any annual or special meeting of the members, except that if action is taken or proposed to be taken for approval of any of those matters specified in Subsection 4(b) of this Article, the waiver of notice or consent shall state the general nature of the proposal. All such waivers, consents, or approvals shall be filed with the Association's records or made a part of the minutes of the meeting.

(b) Waiver by attendance. Attendance by a person at a meeting shall also constitute a waiver of notice of that meeting, except when the person objects at the beginning of the meeting to the transaction of any business due to the inadequacy of illegality of the notice. Also, attendance at a meeting is not a waiver of any right to object to the consideration of matters specified in Subsection 4 (b) of this Article which were not included in the notice of the meeting, if that objection is expressly made at the meeting.

#### SECTION 9. ACTION BY WRITTEN CONSENT WITHOUT A MEETING

(a) General. Any action that may be taken at any annual meeting of members may be taken without a meeting and without prior notice upon compliance with the provisions of this Section.

(b) Solicitation of written ballots. The Association shall distribute one written ballot to each member entitled to vote; such ballots shall be mailed or delivered in the manner required by Section 4 of this Article for giving notice of special meetings. All solicitations of votes by ballot shall:

- (i) indicate the number of responses needed to meet the quorum requirement;
- (ii) with respect to ballots other than for the election of directors, state the percentage of approvals necessary to pass the measure or measures; and
- (iii) specify the time by which the ballot must be received in order to be counted. Each ballot so distributed shall (i) set forth the proposed action; (ii) provide the members an opportunity to specify approval or disapproval of each proposal, if more than one proposal is set forth; and (iii) provide a reasonable time within which to return the ballot to the Association.

(c) Quorum: majority. Approval by written ballot pursuant to this Section shall be valid only when the number of votes cast by ballot within the time specified equals or exceeds the quorum required to be present at a meeting authorizing the actions and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of Votes cast by ballot.

(d) Revocation. No written ballot may be revoked after delivery to the Association or deposit in the mails, whichever first occurs.



(e) Filing. All such written ballots shall be filed with the secretary of the Association and maintained in the corporate records.

(f) Election of directors. Directors may be elected by written ballot.

(g) Form of written ballot. In any election of directors, any written ballot on which the directors to be voted upon are named therein as candidates and which is marked by a member “withhold” or otherwise marked in any manner indicating that the authority to vote for the election of directors is withheld shall not be voted either for or against the election of a director.

(h) Effect of noncompliance. Failure to comply with this Section shall not invalidate any corporate action taken, but may be the basis for challenging any written ballot, and any member may petition the Superior Court of California to compel compliance with the provisions of the California Nonprofit Corporations Law.

#### SECTION 10. RECORD DATE FOR MEMBER NOTICE, VOTING, AND GIVING CONSENTS AND OTHER ACTIONS

For the purposes of determining which members are entitled to receive notice of any meeting, to vote, to give consent to corporate action without a meeting, or to take other action, the board of directors may fix, in advance, a “record date,” which shall not be more than sixty (60) nor fewer than ten (10) days before the date of any such meeting, nor more than sixty (60) days before any such action without a meeting. Only members of record on the date so fixed are entitled to notice, to vote, to give consents, or take other action, 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 or in the California Nonprofit Corporation Law.

#### SECTION 11. PROXIES

(a) Right of members. Every person entitled to vote shall have the right to do so either in person or by one or more agents authorized by a written proxy, signed by the person and filed with the secretary of the Association. If a Subdivision Interest is owned by more than one person, the proxy for that Subdivision Interest must be signed by the Voting Owner for that Subdivision Interest (see Subsection 7 (e) of this Article).

(b) Revocability. A validly executed proxy that does not state that it is irrevocable shall continue in full force and effect unless (i) revoked by the member executing it, before the vote cast pursuant to that proxy, by a writing delivered to the Association stating that the proxy is revoked by a subsequent proxy executed by such member, or by personal attendance and voting at a meeting by such member; or (ii) the written notice of the death or incapacity of the maker of the proxy provided such notice is received by the Association before the vote pursuant to the proxy is counted; provided, however, that no proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy up to a maximum

term of three (3) years. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the California Nonprofit Corporation Law.

(c) Form of solicited proxies. In any election of directors, any form proxy that is marked by a member “withhold,” or otherwise marked in a manner indicating that the authority to vote for the election of directors withheld, shall not be voted either for or against the election of a director. Failure to comply with this paragraph shall not invalidate any corporate election taken, but may be the basis for challenging the proxy at a meeting.

## ARTICLE VI

### ELECTION OF DIRECTORS

#### SECTION 1. NOMINATIONS AND SOLICITATIONS FOR VOTES

(a) Nominating committee. The board of directors shall appoint or may authorize the president to appoint a committee to select qualified candidates for election to the board of directors at least forty-five (45) days before the date of any election of directors. The nominating committee shall make its report at least thirty (30) days before the date of the election, and the secretary shall forward to each member, with the notice of meeting required by Article V, Section 4, a list of candidates nominated, by office.

(b) Nominations by members. Members representing two percent (2%) of the membership may nominate candidates for directorships at any time before the thirtieth (30th) day preceding such election. On timely receipt of a petition signed by the required number of members, the secretary shall cause the names of the candidates named on it to be placed on the ballot along with those candidates named by the nominating committee.

(c) Nominations from the floor. If there is a meeting to elect directors, any member present at the meeting, in person or by proxy may place names in nomination.

(d) Mailing election material. On written request by any nominee for election to the board and accompanying payment of the reasonable costs of mailing (including postage), The Association shall, within ten (10) business days after the request (provided payment has been made), mail to all members, or such portion of them as the nominee may reasonably specify, any material that the nominee may furnish and that is reasonably related to the election, unless the Association within five (5) business days after the request allows the nominee, at the Association’s option, the right to do either of the following:

(i) inspect and copy the record of all the members’ names, addresses, and voting rights, at reasonable times, on five (5) business days’ prior written demand on the Association, which demand shall state the purpose for which the inspection rights are requested; or

(ii) obtain from the secretary of the Association, on written demand and tender of a reasonable charge, a list of the names, addresses, and voting rights of those members entitled to vote for the election of directors, as of the most recent record date for which it has been compiled or as of a date specified by the member subsequent to the date of demand. The membership list shall be made available on or before the later of ten (10) business days after the demand is received or after the date specified in it as the date by which the list is to be compiled.

(e) Refusal to publish or mail material. The Association may not decline to publish or mail material that is otherwise required hereby to publish or mail on behalf of any nominee, on the basis of the content of the material, except that the Association or any of its agents, officers, directors, or employees may seek and comply with an order of the Superior Court allowing them to delete material that the court finds will expose the moving party to liability.

## ARTICLE VII

### DIRECTORS

#### SECTION 1. POWERS

(a) General corporate powers. Subject to the provisions of the California Nonprofit Corporation Law and any limitations in the Articles, the Declaration and these Bylaws relating to action required to be approved by the members, the business and affairs of the Association shall be managed, and all corporate powers shall be exercised by or under the direction of the board of directors.

(b) Specific powers. Without prejudice to these general powers, and subject to the same limitations, the directors shall have the following powers and duties subject to the limitations contained in the following Subsection (c).

(i) Enforcement of applicable provisions of these Bylaws, the Articles, the Declaration and other instruments for the ownership, management and control of the George Ranch.

(ii) Payment of taxes and assessments which are, or could become, a lien on the common area or a portion thereof. The term "Common Area" shall mean all real property within the George Ranch owned in fee by the Association for the common use of members.

(iii) Contracting for casualty, liability and other insurance on behalf of the Association.

(iv) Contracting for goods and/or services for the Common Area, facilities and interests or for the Association subject to the limitations set forth in sub-section (c) below.

(v) Delegation of its powers to committees, officers or employees of the Association as expressly authorized by the governing instruments. The term "Governing

Instruments” shall mean the Articles, the Declaration, the George Ranch Rules (defined in Subsection 1(b)(vii) below) and these Bylaws.

(vi) Preparation of budgets and financial statements for the Association as prescribed in the Governing Instruments.

(vii) Formulation of rules or operation of the Common Area and facilities owned or controlled by the Association (The “George Ranch Rules”).

(viii) Initiation and execution of disciplinary proceedings against Members of the Association for violation of provisions of the Governing Instruments in accordance with procedures set forth in the Governing Instruments.

(ix) Entering upon any privately-owned Subdivision Interest as necessary in connection with construction, maintenance or emergency repair for the benefit of the Common Area or the owners in common.

(x) Election of officers of the Governing Body.

(xi) Filling of vacancies on the Governing Body except for a vacancy created by the removal of a Governing Body member in accordance with Subsection 4 (a) (ii) or 4(a) (iii) of this Article. The term “Governing Body Member” is defined in Section 2 of this Article.

(c) Limitations on powers. The Governing Body of the Association shall ordinarily be prohibited from taking any of the following actions, except with the vote or written assent of a bare majority of the voting power of the Association:

(i) Entering into a contract with a third person wherein the third person will furnish goods or service for the Common Area or the Association for a term longer than one year with the following exceptions:

(A) A management contract.

(B) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate.

(C) Prepaid casualty and/or liability insurance policies if not to exceed three years duration, provided that the policy permits short rate cancellation by the insured.

(D) Lease agreements for improvements and equipment of not to exceed five (5) years duration.

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

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

(iv) Paying compensation to members .of the Governing Body or to officers of the Association for services performed in the conduct of the Association's business provided, however, that the Governing Body may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

(v) Filling of a vacancy, on the Governing Body, created by the removal of a Governing Body Member in accordance with Subsection 4 (a) (ii) or 4 (a) (iii) of this Article.

## SECTION 2. NUMBER AND QUALIFICATION OF DIRECTORS

The authorized number of directors shall be five (5). The members of the Board of Directors are referred to herein as "directors" or "Governing Body Members."

## SECTION 3. ELECTION AND TERM OF OFFICE OF DIRECTORS

Directors shall be elected at each annual meeting of the members to hold office until the next annual meeting; however, if any annual meeting is not held or the directors are not elected at any annual meeting, they may be elected at any special members' meeting held for that purpose. Each director, including a director elected to fill a vacancy, or elected at a special members' meeting, shall hold office until expiration of the term for which elected and until a successor has been elected and qualified.

## SECTION 4. VACANCIES

(a) Events causing vacancy. A vacancy or vacancies in the board of directors shall be deemed to exist on the occurrence of the following:

(i) the death or resignation of any director,

(ii) the declaration by resolution of the board of directors of a vacancy of the office of a director who has been declared of unsound mind by an order of the court or convicted of a felony or has been found by final order or judgment of any court to have breached a duty under California Corporations Code §7230 and following,

(iii) the affirmative vote (or written ballot in accord with Article V, Section 9),. of a majority of the votes represented and voting at a duly held meeting of members at which a quorum is present (which affirmative votes also constitute a majority of the required quorum) to remove a director; provided, however, that a director who has been elected to office solely by the

votes of members of the Association may be removed from office only by the vote of at least a simple majority of the voting power residing in members,

(iv) the increase of the authorized number of directors, or

(v) 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) Resignations. Any director may resign, which resignation shall be effective on giving written notice to the chairman of the board, 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) Vacancies filled by directors. Except for a vacancy created by, Subsection 4 (a) (ii) or 4 (a) (iii) of this Article, vacancies on the board of directors may be filled by a majority of the directors then in office, whether or not less than a quorum, or by a sole remaining director.

(d) Vacancies filled by members. The members may elect a director or directors at any time to fill a vacancy or vacancies (i) not filled by the directors or (ii) created by Subsection 4 (a) (ii) or 4 (a) (iii) of this Article. Such election should be in accordance with Articles V and VI of these bylaws.

(e) No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

#### SECTION 5. PLACE OF MEETINGS: MEETINGS BY TELEPHONE

Meeting of the board of directors may be held at any place within or outside the State of California that has been designated in the notice of the meeting or, if not stated in the notice or if there is no notice, designated by resolution of the board. In the absence of such designation, all meetings shall be held at the principal executive office of the Association. Any meeting, annual, 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 6. ORGANIZATIONAL MEETING

(a) Time of meeting. Immediately following each annual meeting of members, the board of directors shall hold an Organizational Meeting for the purpose of organization, election of officers, and the transaction of other business.

(b) Notice. Notice of the time and place of an Organizational Meeting shall be posted in a prominent place or places within the Common Area and shall be communicated to Governing Body Members not less than four days prior to the meeting, unless the time and place

of meeting is fixed herein; provided, however, that notice of a meeting need not be given to any Governing Body Member who has signed a waiver of notice or a written consent to holding of the meeting. Notice may be communicated by either (i) first class mail, (ii) personal delivery, (iii) telephone, or (iv) telegraph.

#### SECTION 7. OTHER REGULAR MEETINGS

(a) Time of meeting; authority to call. Other regular meetings of the board of directors shall be held without call at such time as shall from time to time be fixed by the board of directors. Ordinarily, such meetings shall be conducted at least monthly, though the board of directors may fix meetings as frequently as every six (6) months if business to be transacted does not justify more frequent meetings.

(b) Notice. Notice of a regular meeting shall be given and posted in the same manner as notice for annual meetings.

#### SECTION 8. SPECIAL MEETINGS

(a) Authority to call. A special meeting of the Governing Body may be called by written notice signed by the president of the Association or by any two members of the Governing Body, other than the president.

(b) Notice. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. Notice shall be posted in a manner prescribed for notice of annual meetings and shall be communicated to all (governing Body Members not less than seventy-two (72) hours prior to the scheduled time of the meeting; provided, however, that notice of the meeting need not be given to any Governing Body Members who signed a waiver of notice or a written consent to holding of the meeting. Notice may be communicated in the manner prescribed for notice of annual meetings.

#### SECTION 9. QUORUM

A majority of the authorized number of directors shall constitute a quorum of the transaction of business, except to adjourn as provided in Section 11 of this Article. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the board of directors, subject to the provisions of the California Nonprofit Association Law. A meeting in which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

#### SECTION 10. WAIVER OF NOTICE

The transactions 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 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's records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

#### SECTION 11. ADJOURNMENT

A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

#### SECTION 12. NOTICE OF ADJOURNMENT

Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than 24 hours, in which case notice of the time and place shall be given before the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

#### SECTION 13. ACTION WITHOUT MEETING

(a) Action permitted. 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 of directors.

(b) Notice. If the board of directors resolves by unanimous written consent to take action, an explanation of the action taken shall be posted at a prominent place or places within the Common Area within three days after the written consents of all Governing Body Members have been obtained.

### ARTICLE VIII

#### COMMITTEES

##### SECTION 1. COMMITTEES OF DIRECTORS

The board of directors may, by resolution adopted by a majority of the directors then in office, designate one or more committees, each consisting of two or more directors, to serve at the pleasure of the board. The board of directors may also appoint one or more directors as alternate members of a committee, who may replace any absent director at any meeting of the committee. Any committee, to the extent provided in the resolution of the board of directors, shall have all the authority of the board, except that no committee, regardless of board resolution, may:



- (a) take any final action on matters Which, under the Nonprofit Corporation Law of California, also requires members' approval or approval of a majority of all the members;
- (b) fill vacancies on the board of directors or in any committee which has the authority of the board;
- (c) fix compensation of the directors for serving on the board of Directors or on any committee;
- (d) amend or repeal bylaws or adopt new bylaws;
- (e) amend or repeal any resolution of the board of directors which by its express terms is not so amendable or repealable;
- (f) appoint any other committees of the board of directors or the members of these committees;
- (g) expend corporate funds to support a nominee for director after there are more people nominated for director than can be elected.

## SECTION 2. MEETINGS AND ACTION OF DIRECTORS COMMITTEES

Meetings and action of committees shall be governed by, and held and taken in accordance with, the provisions of Article VII of these bylaws, 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. Minutes shall be kept of each meeting of any committee and shall be filed with the Association's records. The board of directors may adopt rules for the government of any committee not inconsistent with the provisions of these bylaws.

## SECTION 3. GEORGE RANCH ARCHITECTURAL CONTROL COMMITTEE

The George Ranch Architectural Control Committee for the control of structural and landscaping architecture and design within the subdivision ("Architectural Control Committee") shall be formed pursuant to and function in accordance with Article VI of the Declaration.

## ARTICLE IX

### OFFICERS

#### SECTION 1. OFFICERS

The officers of the Association shall be a president, a secretary, and a chief financial officer (also may be called the treasurer). The Association may also have, at the discretion of the board of directors, a chairman of the board, one or more vice presidents, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article. Any number of offices may be held by the same person.

## SECTION 2. ELECTION OF OFFICERS

The officers of the Association, except those appointed in accordance with the provisions of Section 3 of this Article, shall be chosen by the board of directors and each shall serve at the pleasure of the board subject to the rights, if any, of an officer under any contract of employment.

## SECTION 3. SUBORDINATE OFFICERS

The board of directors may appoint any other officers the operation of the Association may require, each of whom shall have the title, hold office for the period, have the authority, and perform the duties specified in the bylaws or determined from time to time by the board of directors.

## SECTION 4. REMOVAL OF OFFICERS

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, with or without cause, by the board of directors, at any regular or special meeting of the board.

## SECTION 5. RESIGNATION OF OFFICERS

Any officer may resign at any time by giving written notice to the Association. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in the notice; and unless otherwise specified in that notice, the acceptance of the 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 6. VACANCIES IN OFFICES

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled only in the manner prescribed in these bylaws for regular appointments to that office.

## SECTION 7. RESPONSIBILITIES OF OFFICERS

(a) Chairman of the Board. If such an officer be elected, the chairman of the board shall preside at meetings of the board of directors, and exercise and perform such other powers

and duties as may be from time to time assigned to him by the board of directors or prescribed by the bylaws. If there is no president, the chairman of the board shall, in addition, be the chief executive officer of the Association and shall have the powers and duties prescribed in Subsection (b), below.

(b) President. Subject to such supervisory powers as may be given by the board of directors to the chairman of the board, if any, the president shall, subject to the control of the board of directors, generally supervise, direct, and control the business and the officers of the Association. The President shall preside at all meetings of the members and, in the absence of the chairman of the board, or if there be none, at all meetings of the board of directors. The President shall have such other powers and duties as may be prescribed by the board of directors or the bylaws.

(c) Vice presidents. In the absence or disability of the president, the vice presidents, if any, in order of their rank as fixed by the board of directors or, if not ranked, a vice president designated by the board of directors, 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. The vice presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the board of directors or the chairman of the board.

(d) Secretary. The secretary shall attend to the following:

(i) Book of minutes. The secretary shall keep or cause to be kept, at the principal executive office or such other place as the board of directors may direct, a book of minutes of all meetings and actions of the directors, and members, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice given, the names of those present at such meetings, the number of members present or represented at members' meetings, and the proceedings of such meetings.

(ii) Membership records. The secretary shall keep, or cause to be kept, at the principal executive office, as determined by resolution of the board of directors, a record of the Association's members, showing the names of all members and their addresses.

(iii) Notices seal and other duties. The secretary shall give, or cause to be given, notice of all meetings of the Members and of the board of directors required by the Bylaws to be given. He shall keep the seal of the Association, if any, in safe custody. He shall have such other powers and perform such other duties as may be prescribed by the board of directors or the bylaws.

(e) Chief financial officer. The chief financial officer shall attend to the following:

(i) Books of account. The chief financial officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of 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 books of account shall be open to inspection by any director at all reasonable times.

(ii) Deposit and disbursement of money and valuables. The chief financial officer shall deposit all money and other valuables in the name and to the credit of the Association with such depositories as may be designated by the board of directors; shall disburse the funds of the Association as may be ordered by the board of directors; shall render to the president and directors, whenever they request it, an account of all of his transactions as chief financial officer and of the financial condition of the Association; and shall have other powers and perform such other duties as may be prescribed by the board of directors or the bylaws.

(iii) Bond. If required by the board of directors, the chief financial officer shall give the Association a bond (paid for by the Association) in the amount and with the surety or sureties specified by the board for faithful performance of the duties of his office and for restoration to the Association of all its books, papers, vouchers, money, and other property, of every kind in his possession or under his control on his death, resignation, retirement, or removal from office.

## ARTICLE X

### INDEMNIFICATION OF DIRECTORS, OFFICERS,

### EMPLOYEES, AND OTHER AGENTS

#### SECTION 1. DEFINITIONS

For the purpose of this Article,

(a) “agent” means any person who is or was a director, officer, employee, or other agent of the Association, or is or was serving at the request of the Association as a director, officer, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, or was a director, officer, employee, or agent of a foreign or domestic corporation which was a predecessor corporation of this Association or of another enterprise at the request of such predecessor corporation;

(b) “proceeding” means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative; and

(c) “expenses” includes, without limitation, all attorneys’ fees and any expenses of establishing a right to indemnification under this Article.

#### SECTION 2. SUCCESSFUL DEFENSE BY AGENT

To the extent that an agent of the Association has been successful on the merits in the defense of any proceeding referred to in this Article, or in the defense of any claim, issue, or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred

by the agent in connection with the claim. If an agent either settles any such claim or sustains a judgment rendered against him, then the provisions of Section 3 through 5 of this Article shall determine whether the agent is entitled to indemnification.

### SECTION 3. ACTIONS BROUGHT BY PERSONS OTHER THAN THE ASSOCIATION

Subject to the required findings to be made pursuant to Section 5, below, the Association shall indemnify any person who was or is a party, or is threatened to be made a party, to any proceeding other than an action brought by, or on behalf of the Association, or by the Attorney General or other authorized party on the ground that the defendant agent was or is engaging in self-dealing within the meaning of California Corporations Code Section 5233, or by the Attorney General or a person granted related status by the Attorney General for any breach of duty relating to assets held in charitable trust, by reason of the fact that such person is or was an agent of the Association, for all expenses, actually and reasonably incurred in connection with the proceedings.

### SECTION 4. ACTION BROUGHT BY OR ON BEHALF OF THE ASSOCIATION

(a) Claims settled out of court. If any agent settles or otherwise disposes of a threatened or pending action brought by or on behalf of the Association, with or without court approval, the agent shall receive no indemnification for either amounts paid pursuant to the terms of the settlement or other disposition or for any expenses incurred in defending against the proceeding, unless such action concerns assets held in charitable trust and is settled with the approval of the Attorney General.

(b) Claims and suits awarded against agent. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action brought by or on behalf of the Association by reason of the fact that the person is or was an agent of the Association, for all expenses actually and reasonably incurred in connection with the defense of that action, provided that both of the following are met:

(i) The determination of good faith conduct required by Section 5, below, must be made in the manner provided for in that Section; and

(ii) Upon application, the court in which the action was brought must determine that, in view of all of the circumstances of the case, the agent is fairly and reasonably entitled to indemnity for the expenses incurred. If the agent is found to be so entitled, the court shall determine the appropriate amount of expenses to be reimbursed.

### SECTION 5. DETERMINATION OF AGENT'S GOOD FAITH CONDUCT

The indemnification granted to an agent in Section 3 and 4 above is conditioned on the following:

(a) Required standard of conduct. The agent seeking reimbursement must be found, in the manner provided below, to have acted in good faith, in a manner believed to be in the best interest of the Association, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use in similar circumstances.

(b) Manner of determination of good faith conduct. The determination that the agent did act in a manner complying with Subsection (a) above shall be made by:

(i) the board of directors by a majority vote of a quorum consisting of directors who are not parties to the proceeding; or

(ii) with Article V, Section 9 of a majority of the votes represented and voting at a duly held meeting of members at which a quorum is present (which affirmative votes also constitute a majority of the required quorum); or

(iii) the court in which the proceeding is or was pending. Such determination may be made on application brought by the Association or the agent or the attorney or other person rendering a defense to the agent, whether or not the application by the agent, attorney, or other person is opposed by the Association.

#### SECTION 6. ADVANCE OF EXPENSES

Expenses incurred in defending any proceeding may be advanced by the Association before the final disposition of the proceeding on receipt of an undertaking by or on behalf of the agent to repay the amount of the advance unless it is determined ultimately that the agent is entitled to be indemnified as authorized in this Article.

#### SECTION 7. LIMITATIONS

No indemnification or advance shall be made under this Article, except as provided in Section 2 or Subsection 5 (b) (iii) of this Article, in any circumstances when it appears:

(a) that the indemnification or advance would be inconsistent with a provision of the Articles, a resolution of the members, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(b) that the indemnification would be inconsistent with any condition expressly imposed by a court in approving a settlement.

#### SECTION 8. CONTRACTUAL RIGHTS OF NONDIRECTORS AND NONOFFICERS

Nothing contained in this Article shall affect any right to indemnification to which persons other than directors and officers of the Association, or any subsidiary hereof, may be entitled by contract or otherwise.

## SECTION 9. INSURANCE

The board of directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the Association against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the Association would have the power to indemnify the agent against that liability under the provisions of this Article.

## ARTICLE XI

### FINANCIAL STATEMENTS; BOOKS AND RECORDS

#### SECTION 1. FINANCIAL STATEMENTS

(a) Budget: The board shall prepare a pro forma operating budget, which shall be distributed to the owners not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of the Association's fiscal year. The budget shall include all of the following:

(i) the estimated revenue and expenses of the Association on an accrual basis; (ii) the identification of the total cash reserves currently set aside; (iii) an estimate of the current replacement costs and the estimated remaining useful life of, and the methods of funding used to defray the future repair, replacement, or additions to, those major components which the Association is obligated to maintain; and (iv) a general statement addressing the procedures used for the calculation and establishment of these reserves to defray the future repair, replacement, or additions to those major components that the Association is obligated to maintain.

(b) Use of Reserve Account Funds: The board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components which the Association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established. However, the board may authorize the temporary transfer of money from a reserve fund to the Association's general operating fund to meet short-term cash flow requirements or other expenses. The transferred funds shall be restored to the reserve fund within three years of the date of the initial transfer, except that the Board may, upon making a finding supported by documentation that a delay would be in the best interests of the common interest development, delay the restoration until the time which the board reasonably determines to be necessary. The board shall exercise prudent fiscal management in delaying restoration of these funds and in restoring the expended funds to the reserve account, and shall, if necessary, levy a special assessment to recover the full amount of the expended funds within the time limits required by this section. This special assessment is not subject to the limitation imposed by Civil Code Section 1366.

(c) Reserve Study: At least once every three years the board shall cause a study of the reserve account requirements of the Association to be conducted if the current replacement value of the major components which the Association is obligated to repair, replace, restore, or maintain is equal to or greater than one-half of the gross budget of the Association for any fiscal

year. The board shall review this study annually and shall consider and implement necessary adjustments to the board's analysis of the reserve account requirements as a result of that review.

The study required by this section shall at a minimum include:

(1) Identification of the major components which the Association is obligated to repair, replace, restore, or maintain which, as of the date of the study, have a remaining useful life of less than 30 years.

(2) Identification of the probable remaining useful life of the components identified in paragraph (1) as of the date of the study.

(3) An estimate of the cost of repair, replacement, restoration, or maintenance of each major component identified in paragraph (1) during and at the end of its useful life.

(4) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain each major component during and at the end of its useful life, after subtracting total reserve funds as of the date of the study.

(d) Annual Report:

(i) Within one hundred twenty (120) days after the close of each fiscal year, the Members shall receive an annual report consisting of the following: (i) a balance sheet as of the end of the fiscal year; (ii) an operating (income) statement for the fiscal year; (iii) a statement of changes in cash flow for the fiscal year; and (iv) any information required to be reported under Section 8322 of the California Corporations Code. If the report is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association stating that the statements were prepared without independent audit or review from the books and records of the Association. Any annual report prepared for a fiscal year in which the gross income to the Association exceeds seventy-five thousand dollars (\$75,000.00) shall be reviewed in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy and a copy of such review shall be distributed as part of the annual report.

(ii) In lieu of the distribution of the pro forum budget required above, the board may elect to distribute a summary of the budget to 'all 'the Members with a written notice that the budget is available at the business office of the Association or at 'another suitable location within the boundaries of the Project and that copies will be provided upon request and at the expense of the Association. If any Member requests a copy of the budget to be mailed to the Member, the Association shall provide the copy to the Member by first-class United States mail at the expense of the Association and delivered within five days. The written notice that is distributed to such Member shall be in at least 10-point bold type on the front page of the summary of the budget.

(e) Assessment Enforcement Policy: The board shall annually distribute within (60) days prior to the beginning of the fiscal year a statement of the Association's policies and practices in enforcing its remedies against Owners for defaults in the payment of Regular and



Special Assessments, including the recording and foreclosing of liens against Owners' Condominiums.

(f) Books and Records: The board shall cause a complete record of all of its acts and corporate affairs to be kept and shall present a statement to the Members at the annual meeting of the Association or at any special meeting if the statement is requested in writing by one-fourth (1/4) of the Members. The membership register, including mailing addresses and telephone numbers, books of account, records and papers of the Association, minutes of meetings of the board, Association and committees of the Association, and the Project Documents shall be available for inspection and copying by any Member or his duly appointed representative during reasonable business hours and for a purpose reasonably related to his interest as a Member. The board shall establish rules regarding:

- (i) Notice to be given to the custodian of the records by a Member desiring to make the inspection;
- (ii) Hours and days of the week when an inspection may be made; and
- (iii) Payment for costs of making copies of documents requested by a Member.

Every director shall have the absolute right to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association at any reasonable time. A Director is entitled to make extracts and copies of documents.

(g) Distribution of Project Documents: Within ten (10) days of a written request by a Member, the Association shall provide to the Member current copies of the Project Documents. A charge for the copies may be made by the Association, not to exceed the reasonable costs of preparation, reproduction and mailing.

(h) Statement of Outstanding Charges: Within ten (10) days of a written request by a Member, the Association shall provide to the Member a written statement which sets forth the amounts of delinquent assessments, penalties, attorneys' fees and other charges against a Lot. A charge for the statement may be made by the Association, not to exceed the reasonable costs of preparation and reproduction of the statement.

## ARTICLE XII

### CONSTRUCTION AND DEFINITIONS

(a) Unless the context requires otherwise, the general provisions, rules of construction, and the definitions in the California Nonprofit Association Law shall govern the construction of these bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both corporations and natural persons.

(b) In the event of any conflict between these bylaws and the CC&Rs, the terms of the CC&Rs shall govern.

### ARTICLE XIII

#### AMENDMENT OP BYLAWS AND ARTICLES

(a) Amendment of these Bylaws or the Articles shall require the vote (or written consent) of a majority of the total voting power of the association.

(b) Such power is subject to the following limitations:

(i) no amendment may extend the term of a director beyond that for which the director was elected.

(ii) no amendment restricting or limiting the use of proxies may affect the validity of a previously issued irrevocable proxy during the term of its irrevocability, so long as it complied with applicable provisions, if any, of these bylaws and the articles, and is otherwise valid under the California Nonprofit Corporation Law.

(c) Notwithstanding the provisions of (a) and (b) above, the percentage of a quorum or of the voting power of the Association necessary to amend a specific clause or provision of these bylaws or the Articles of the Association shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

## CERTIFICATE OF SECRETARY

I, Nancy Peterson, hereby certify that:

1. On Sept. 28, 1996, I was the Secretary of the George Ranch Community Association, a California nonprofit mutual benefit corporation (the "Corporation"); and

2. The foregoing Bylaws, consisting of twenty-six (26) pages, are a true and correct copy of the Bylaws of the Corporation as duly adopted by the members of the Corporation at the Annual Meeting on Sept. 28 1996. These Bylaws have been in effect since the date of their adoption and have not been further amended.

Dated: Sept. 12, 2005

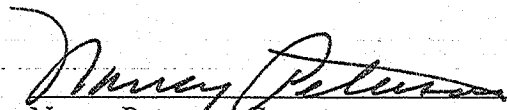
  
Nancy Peterson, Secretary

EXHIBIT A

Description of Phase I:

As shown on that certain map entitled "Phase I The George Ranch" located in tract #609 filed September 21, 1982, in Book 338 of Maps at Pages 9-17 in the office of the Sonoma County Recorder.