

**BYLAWS OF  
PEPPERTREE BEND ASSOCIATION**

**ARTICLE I**

**DEFINITIONS**

All terms as used in these Bylaws shall, unless stated otherwise, be defined as set forth in that certain Declaration of Covenants, Conditions and Restrictions recorded on February 26, 1981, in Book 13961, at Page 1655, of the Official Records of Orange County (the 'County'), as amended by that certain First Amendment to Declaration of Covenants, Conditions and Restrictions of the Bear Brand Ranch and Division of Covenants, Conditions and Restrictions for Peppertree Bend recorded on July 29, 1996, in Book . at Page -, of the Official Records of the County (as amended, the "Declaration"). All of the terms and provisions of said Declaration and any amendments thereto are hereby incorporated herein by this reference.

**ARTICLE 11**

**OFFICE**

**Principal Office:** The principal office for the transaction of the business of the Association is hereby fixed and located within the Project, or as close thereto as practicable in the County. The Board of Directors is hereby granted full power and authority to change said principal office from one location to another within the County.

**ARTICLE III**

**MEMBERS**

**Section 1 - Membership:** Every persons or entity who is an Owner of a Lot shall be a Member of the Association as provided in the Declaration. Such ownership shall be the sole qualification for Membership. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated by the Association. The provisions of these Bylaws, which are binding upon all Members, are not exclusive, as Members shall also be subject to the terms and provisions of the Articles and the Declaration.

**Section 2 - Transfer:** The Membership held by any Owner shall not be transferred, pledged or alienated in any way, except upon the sale or encumbrance of such Lot, and then only to the purchaser or deed of trust holder of such Lot. Any attempt to make a prohibited transfer is void, and will not be reflected upon the books and records of the Association. In the event the Owner of any Lot should fail or refuse to transfer the Membership registered in his or her name to the purchaser of the Lot, the Association shall have the right to record the transfer upon the books of the Association.

**Section 3 - Termination of Membership:** Membership in the Association shall automatically terminate when such Member sells and/or transfers his or her Lot.

**Section 4 - Voting Rights:** The Association shall have two (2) classes of voting membership as set forth in the Declaration. Unless otherwise expressly set forth in these Bylaws during the time there is a Class B Membership, any action which expressly requires the approval of a specified percentage of the voting power of the Association before being undertaken, shall require the approval of said specified percentage of each class of Membership.

**Section 5 - Membership Certificates:** In its discretion, the Board may, but need not, issue appropriate membership certificates evidencing membership in the Association.

**Section 6 - Plural Memberships:** A Member may own more than one membership in this Association by complying with the qualifications of Membership as set forth in Section 1 of this Article.

**Section 7 - Assessments:** The Members of the Association shall be jointly, severally, and personally liable for the payment of such Assessments as may from time to time be fixed and levied by the Board pursuant to the provisions of the Declaration and these Bylaws.

**Section 8 - Enforcement of Payment of Assessments:** Should any Member fail to pay his or her Assessments before delinquency, the Association, in the discretion of the Board, shall have the right to enforce payment of such delinquent Assessments pursuant to the Declaration.

**Section 9 - Association Rules; Enforcement:** The following provisions shall govern the promulgation of the Association Rules authorized by the Declaration which shall include the establishment of a system of fines and penalties:

- (a) The Board in its discretion shall create such rules and regulations as are consistent with and in furtherance of existing law, the Declaration, the Articles and

Bylaws. Upon the vote or written consent of the majority of the voting power of each class of Membership, such rules and regulations shall take effect as the Association Rules.

**Section 9 - Conflicts:** In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; in the case of conflict between the Declaration and these Bylaws, the Declaration shall control.

(b) The Board in its discretion may recommend to the Association a list of specific fines and penalties for the violation by any Member of the provisions of the Declaration, the Articles, these Bylaws and the Association Rules. Upon the vote or written consent of the majority of the voting power of the Association, such fines and penalties shall be binding on all Members and shall be enforceable by the Board as a Special Assessment. Such a remedy shall not be deemed to be exclusive and the Board shall have such other remedies as are provided for by applicable law, the Declaration, the Articles, these Bylaws and the Association Rules.

(c) Any Association Rules promulgated pursuant to this Section shall provide that no fine or penalty shall be levied without the following procedural safeguards:

(i) A written statement of the alleged violations shall be provided to any Member against whom such charges are made, and such written statement shall provide a date on which the charges shall be heard;

(ii) No proceedings under this Section shall be brought against any Member unless such Member shall have received a written statement of charges at least thirty (30) days prior to that hearing;

(iii) No proceeding shall be brought against any Member more than sixty (60) days after such Member is provided a written statement of charges;

(iv) The Board shall appoint a panel of three (3) capable persons (one of whom shall be designated a chairperson) who may or may not be Members, and who shall hear the charges and evaluate the evidence of the alleged violation;

(v) At such hearing, the Member so charged shall have the right to present oral and written evidence and to confront and cross-examine adverse witnesses; and

(vi) The panel shall deliver to the Member so charged within seven (7) days after the hearing a written decision which specified the fines or penalties

levied, if any, and the reasons therefor.

(d) In the event that a Member shall correct an alleged violation prior to the hearing date, the Board shall discontinue the proceedings.

## **ARTICLE IV**

### **MEETINGS OF MEMBERS**

**Section 1 - Place of Meetings:** All meeting of Members shall be held within the Project or as close thereto as practicable, as may be fixed from time to time by resolution of the Board.

**Section 2 - Annual Meetings:** The first annual meeting of the Members shall be held in the County within forty-five (45) days after fifty-one percent (51%) of the Lots have been sold, but in no event shall such meeting be held later than six (6) months after conveyance of the first Lot. Each subsequent regular annual meeting of the Members shall be held on the same month of each year thereafter, at the hour of 8:00 p.m., in the County; provided, however, that the Board by resolution may fix a date for the meeting no more than thirty (30) days before or after said date. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday. Regular meetings of Members shall be held not less frequently than once each calendar year and shall be at the time and place set forth in Sections 1 and 2 of this Article.

**Section 3 - Special Meetings:** Special meetings of the Members for any purpose may be called by the Board at any time by the vote therefore of a majority of a quorum of the Board or upon the written request of not less than five percent (5%) of the total voting power of the Association.

**Section 4 - Notices of Meetings:** Written notices of meetings, annual or special, shall be posted in a prominent place within the Property and given by the Board to each Member entitled to vote, either personally or by sending a copy of the notice through the mail, postage prepaid, to his or her address appearing on the books of the Association, or supplied by him or her to the Association for the purpose of such notice. All such notices shall be sent to each Member entitled thereto not less than ten (10) days nor more than ninety (90) days before each meeting, and shall specify the place, the day and the hour of such meeting, and in case of special meetings, the general nature of the business to be transacted.

When any meeting of Members, either annual or special, is adjourned for thirty (30) days or more, notice of the time and place of the adjourned meeting shall be given as in the case of an original meeting. Except as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting, other than by announcement thereof at the meeting at which such adjournment is taken. If a time and place of 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 the Members in the manner prescribed above.

Section 8 - Action Without Meeting: Any action which, under any provision of the Articles, these Bylaws or the Nonprofit Mutual Benefit Corporation Law of the State of California, may be taken at a meeting of Members, may be taken without a meeting, if done in compliance with the provisions of Section 7513 of the California Corporations Code.

## **ARTICLE V** **DIRECTORS**

Section 1 - Powers: In addition to the powers and duties of the Board as set forth in the Declaration, and the Articles, and subject to the limitations of the Articles, the Declaration or these Bylaws, and of the California Corporations Code as to action to be authorized or approved by the Members, and subject to the duties of the directors as prescribed by these Bylaws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Association shall be controlled by the directors, whenever they request it, an account of all of his or her transactions as Chief Financial Officer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Association shall be controlled by the Board. Without prejudice to such general powers but subject to the same limitations, the Board is vested with and shall have the following powers; to wit:

(a) To select, appoint and remove all officers, agents and employees of the Association, to prescribe such powers and duties for them as may be consistent with law, with the Articles, the Declaration and/or these Bylaws, to fix their compensation and to require from them security for faithful service when deemed advisable by the Board.

(b) To conduct, manage and control the affairs and business of the Association, and to enforce such rules and regulations therefor consistent with law, with the Articles, the Declaration and/or these Bylaws, as the Board may deem

necessary or advisable.

(c) To fix, determine and name from time to time, if necessary or advisable, the nonprofit corporation, city or public agency which is then or there organized or operated for purposes similar to the purposes of this Association to which the assets of this Association shall be distributed upon liquidation or dissolution according to the Articles. The assets so distributed shall be those remaining after satisfaction of all just debts and obligations of the Association and after distribution of all property held or acquired by the Association under the terms of a specific trust or trusts.

(d) To adopt and use a corporate seal.

Section 2 - Number and Qualification of Directors: The Board shall consist of five (5) directors. The number of directors may be changed by an amendment to this Section of these Bylaws, fixing or changing such number, but in no event shall there be less than three (3) directors. A person may serve as a director without being a Member of the Association.

Section 3 - Election and Term of Office: Until (i) the holding of the first annual meeting of the Members referred to in the Article of these Bylaws entitled "Meetings of Members" or (ii) the earlier resignation from the Board, the Board shall consist of those directors named in the Articles. The directors shall be elected at each annual meeting of Members, but if any such annual meeting is not held, or if the directors are not elected thereat, the directors may be elected at any special meeting of Members held for that purpose. All directors shall hold office until their respective successors are elected.

Section 4 - Cumulative Voting; Secret Ballot: Every Member entitled to vote for any election or removal of directors shall have the right to cumulate his or her votes and give one (1) candidate a number of votes equal to the number of directors to be elected, multiplied by the number of votes to which he or she is entitled, or to distribute his or her votes on the same principle among as many candidates as he or she shall think fit. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected. The election of directors shall be conducted by secret written ballot.

Section 5 - Special Class A Voting Rights: In the event that the Class A Members do not have sufficient voting power to elect at least one (1) director by cumulating their votes at any meeting of the Members at which directors are to be elected, the Class A Members shall be entitled to elect one (1) director as set forth in the Declaration. Notwithstanding the provisions of the Section of this Article entitled, "Removal of Directors," any director so elected may not be removed without the vote of a majority of the voting power of the Class A Members.

**Section 6 - Election Committee:** As provided in the Declaration, an Election Committee shall be appointed annually by the Board to make rules for and supervise nominations, voting procedures, voting requirements and the orderly and fair election of directors. The Election Committee shall consist of a Chairperson, who shall be a member of the Board, and two (2) or more persons who shall be Members; provided, however, so long as any Class B Membership are outstanding, the Board may appoint persons who are not Members to the Election Committee. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Nominations to serve on the Board may also be made from the floor at any meeting of the Members at which directors are elected.

**Section 7 - Removal of Directors:** At any special meeting of the Members of which notice has been properly given as provided in these Bylaws, the entire Board or any individual director may be removed from office as hereinafter set forth, provided that the same notice of said special meeting has also been given to said entire Board or any individual director whose removal is to be considered at said special meeting. The entire Board or any individual director may be removed from office by a majority of the affirmative votes cast in the voting on any motion or resolution for removal. However, unless the entire Board is removed, an individual director shall not be removed if the number of votes against the motion or resolution for his or her removal would be sufficient to elect the individual director if voted cumulatively at an election at which the same total number of votes were cast and all directors were then being elected. Upon any such motion or resolution for removal, every Member may cumulate his or her vote or votes, as the case may be, in the same manner as provided for the election of directors in these Bylaws. In the event that any or all directors are so removed, new directors may be elected at the same meeting.

**Section 8 - Vacancies:** Vacancies on the Board other than vacancies created by the removal of a director may be filled by a vote of a majority of the remaining directors, though less than a quorum, and each director so elected shall hold office until his or her successor is elected at an annual meeting of Members, or at a special meeting called for that purpose.

A vacancy or vacancies shall be deemed to exist in case of the death, resignation or removal of any directors. If the Members shall increase the authorized number of directors but shall fail to elect the additional directors as provided for at the meeting at which such increase is authorized, or at an adjournment thereof, or in case the Members fail to at any time elect the full number of the authorized directors, a vacancy or vacancies shall be deemed to exist.

The Members (i) shall elect directors to fill a vacancy created by the removal of a director and (ii) may at any time elect directors to fill any vacancy not filled by

the directors or elect the additional directors at the meeting at which an amendment of the Bylaws is voted authorizing an increase in the number of directors.

If any director tenders his or her resignation to the Board, the Board shall have power to elect a successor to take office at such time as the resignation shall become effective. No reduction of the number of directors shall have the effect of removing any director prior to the expiration of his or her term of office.

**Section 9 - Place of Meeting:** All meetings of the Board shall be held at the principal office of the Association, or any other place or places within the County designated at any time by resolution of the Board or by written consent of all Members of the Board.

**Section 10 - Organization Meeting:** Immediately following each annual meeting of the Members, the Board shall hold a regular meeting for the purpose of organization, election of officers and the transaction of other business. Notice of such meeting is hereby dispensed with.

**Section 11 - Other Regular Meetings:** Other regular meetings of the Board may be held without call at such place and day and hour as may be fixed from time to time by resolution of the Board provided, should said day fall upon a legal holiday, then the meeting which otherwise would be held on said day shall be held at the same time on the next day thereafter ensuing which is not a legal holiday. Notice of all regular meetings of the Board shall be communicated to each director at least four (4) days prior to such meeting. Regular meetings of the Board may be held monthly or more frequently; provided, however, in no event shall the regular meetings of the Board be held less than once every three (3) months. Notice of the time and place of regular meetings shall be posted in a prominent place within the Property.

**Section 12 - Special Meetings:** Special meetings of the Board for any purpose may be called at any time by the Chairperson or by the President, or if they are unable or refuse to act, by the Vice-President or by any two (2) directors.

Written notice of the time, place and nature of the business to be conducted at any such special meetings shall be posted in the manner described for regular meetings and shall be delivered personally to the directors or sent to each director by letter or by telegram, postage or charges prepaid, addressed to him or her at his or her address as it is shown upon the records of the Association not less than seventy-two (72) hours prior to the scheduled time of the meeting. In case such notice is mailed or delivered to the telegraph company at or near the place in which the principal office of the Association is located at least forty-eight (48) hours prior to the time of the holding of the meeting, such mailing, telegraphing or delivery as provided herein shall be due, legal and personal notice to each such director.



**Section 13 - Notice of Adjournment:** Notice of adjournment of any Board meeting, either regular or special, need not be given to absent directors, if the time and place are fixed at the meeting adjourned.

**Section 14 - Waiver of Notice:** The transaction of any business at any meeting of the Board, however called and noticed, or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting, each of the directors not present signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the records of the Association or made a part of the minutes of the meeting.

**Section 15 - Quorum:** A majority of the number of directors as fixed by the Articles or these Bylaws shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereafter provided. Every act or decision made or done by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board.

**Section 16 - Adjournment:** A quorum of the directors may adjourn any Board meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the directors present at any Board meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

**Section 17 - Consent of Board Obviating Necessity of Meeting:** Notwithstanding anything to the contrary contained in these Bylaws, any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the Minutes of the proceedings of the Board and shall be posted in a prominent place within the Property not later than three (3) days after obtaining all necessary signatures. Such action by written consent shall have the same force and effect as a unanimous vote of such directors.

**Section 18 - Fees and Compensations:** No director or officer shall receive any salary for his or her services as such officer or director. Nothing herein contained shall be construed to preclude any director or officer from serving the Association as agent, counsel or any capacity other than as such director or officer, and receiving compensation therefor.

**Section 19 - Presiding Officer:** The members of the Board shall elect one (1) of their members to act as Chairperson and one (1) of their members to act as Secretary. The Chairperson shall preside at all meetings and the Secretary shall record the Minutes of all meetings of the Board of Directors and the Members.

**Section 20 - Indemnification of Directors, Officer and Employees:** Except to the extent prohibited by then applicable law, this corporation shall reimburse, indemnify and hold harmless each present and future director, officer and employee of this corporation and each person who, at the request of this corporation, acts as a director, officer or employee of any other corporation in which this corporation has an interest from and against all loss, cost, liability and expense which may be imposed upon or reasonably incurred by him, including reasonable settlement payments in connection with any claim, action, suit or proceeding, or threat thereof, made or instituted, in which he or she may be involved or be made a party by reason of his or her being or having been a director, officer or employee of this corporation or such other corporation, or by reason of any action alleged to have been taken or omitted by him or her in such capacity, if a disinterested majority of the Board of this corporation (or, if a majority of the Board is not disinterested, then independent legal counsel) determines in good faith that such person was acting in good faith (a) within what he or she reasonably believed to be the scope of his or her authority or employment, and (b) for a purpose which he or she reasonably believed to be in the best interests of the corporation. Such determination shall be made within thirty (30) days after the date on which a written claim is submitted by such director, officer or employee to the Board for any such loss, cost, liability or expense.

The right of indemnification provided in this Section shall inure to each person referred to in this Section, whether or not the claim asserted against him or her is based on matters which arose in whole or in part prior to the adoption of this Section, and in the event of his or her death shall extend to his or her legal representatives. The right of indemnification provided in this Section shall not be exclusive of any other rights which any such person, or any other individual, may be entitled as a matter of law or under any agreement, vote of directors or stockholders or otherwise.

**Section 21 - Records:** The Board shall cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at annual meetings of Members or at any special meeting where such statement is requested in writing by one-fourth (1/4th) of the Members entitled to vote thereat.

**Section 22 - Attendance of Board Meetings by Members:** Regular and special board meetings shall be open to all Members; provided, however, no Member who is not an officer or director shall participate in any deliberation or discussion unless expressly authorized by a majority of a quorum of the Board. The Board may, upon the vote of a majority of the Board's quorum, adjourn a Board meeting and reconvene in executive session exclusive of all Members who are not directors to discuss and vote upon personal matters, litigation in which the Association is involved and other similar matters, requiring confidentiality. The nature of any and all business to be so considered in executive session shall be announced in open session.

## ARTICLE VI

### OFFICERS

**Section 1 - Officers:** The officers shall be a President, a Vice-President, a Secretary and a Chief Financial Officer, which officers shall be elected by and hold office as determined by the Board. Each of the officers may, but need not, be a member of the Board of Directors. Any two (2) or more of such offices may be held by the same person. All offices may be held by someone who is not a member of the Board or Association.

**Section 2 - Election:** The officers of the Association, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article, shall be chosen annually by the Board and each shall hold his or her office until he or she shall resign or shall be removed or otherwise be disqualified to serve, or until his or her successor shall be elected and qualified.

**Section 3 - Subordinate Officers:** The Board may appoint such other officers as the business of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as the Board may from time to time determine.

**Section 4 - Removal and Resignation:** Any officer may be removed, either with or without cause, by the vote of a majority of all of the directors then in office at any regular or special meeting of the Board at which a quorum is present.

Any officer may resign at any time by giving notice to the Board or to the President or to the Secretary of the Association. Any such resignation shall take effect as of the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified herein, the acceptance of such resignation shall not be necessary to make it effective.

**Section 5 - Vacancies:** A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to such office.

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he shall disburse the funds of the Association as may be ordered by the Board, shall render to the President and

Secretary of the Association; provided, however,- that no such proxy shall be valid after the expiration of the eleven (11) months from the date of its execution.

## ARTICLE VII

### MISCELLANEOUS

Section 1 - Record Date and Closing Membership Register: The Board may fix a time, in the future, not exceeding forty five (45) days preceding the date of any annual or special meeting of the Members, as a record date for the determination of the Members entitled to notice of and to vote at any such meeting, and in such case only Members of record on the date so fixed shall be entitled to notice of and to vote at such meeting, notwithstanding any transfer of any membership on the books of the Association, after any record date so fixed. For the purpose of determining such record date, the Board may close the books of the Association against any transfer of membership during the whole or any part of any such period.

Section 2 - Inspection of Association Records: The Membership register, the books of account and minutes of meetings of the Members, Board and Committees shall be open to the inspection of each Member or his or her duly appointed representative at reasonable times from time to time and in the manner provided in the Corporations Code of the State of California relating thereto. The Board shall establish reasonable rules with respect to the place of inspection, notice to be given to the custodian of such records by the Member desiring to so inspect, the time when such inspection can be made and the payment of reproduction costs of documents so requested by the Member. Every director shall have the absolute right at any reasonable time to inspect such records and the properties owned by the Association. Such right includes the right to make extracts and copies of documents.

Section 3 - Checks and Drafts: All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such officer or officers and in such a

manner as, from time to time, shall be determined by resolution of the Board.

**Section 4 - Contracts, How Executed:** The Board, except as in these Bylaws as otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or render it liable for any purpose or for any amount.

**Section 5 - Annual Report:** The Board shall cause the financial statement and information set forth below to be sent to each Member within the respective time limits as follows:

(a) An annual report consisting of the following shall be distributed within 120 days after the close of the fiscal year:

(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 financial position for the fiscal year; and

(iv) Any information required to be reported under Section 8322 of the California Corporations Code.

(b) A balance sheet as of an accounting date which shall be the last day of the month closest in time to six (6) months from the date of the first conveyance of a Lot and an income statement for an accounting period from the aforesaid date. Said income statement for the first six (6) months accounting period shall include a schedule of Assessments received or receivable itemized for each Lot within the Property and by the name of the person or entity assessed therefor.

(c) A pro forma operating statement (budget) for the next fiscal year, no later than sixty (60) days before the beginning of such fiscal year.

**Section 6 - Inspection of Bvlaws:** The Association shall keep at its principal office for the transaction of business the original or a copy of the Bylaws as amended, certified by the Secretary, which shall be open to inspection by all of the Members at all reasonable times.

**Section 7 - Annual Independent Audit:** An annual independent audit of the account or accounts of the Association shall be made and the annual report referred to in Section 5(a) above shall be prepared by an independent accountant for any fiscal year in which the Association's gross income exceeds \$75,000. If the annual report

referred to in Section 5(a) above is not prepared by an independent accountant, such report shall be accompanied by a certificate from an authorized officer of the Association that the report was prepared without independent audit of the books and records of the Association. A copy of such audit shall be available for the inspection of each Member, officer or director of the Association within thirty (30) days of completion thereof.

Section 8 - Singular Includes Plural: Whenever the context of these Bylaws requires same, the singular shall include the plural and the masculine shall include the feminine.

## ARTICLE VIII

### AMENDMENTS

Section 1 - Powers of Members: The Bylaws of this Association may be adopted, amended or repealed by (i) the vote or written assent of the Members entitled to exercise a majority of the voting power or (ii) the vote of a majority of a quorum at a meeting of Members duly called for such purpose provided that the proposed amendment has been submitted to each Member together with the advance notice of said meeting. Notwithstanding the above, as long as there is a Class B Membership, the Bylaws may be amended or repealed only by the vote or written assent of Members entitled to exercise a majority of the voting power of each class of membership and after the conversion of the Class B Membership to Class A Membership as is provided for in the Declaration, these Bylaws may be amended or repealed only by the vote or written assent of the Class A Members entitled to exercise a majority of the voting power of such Class exclusive of the votes represented by the Class A Memberships which prior to such conversion were Class B Memberships.

Section 2 - Record of Amendments: Whenever an amendment or a new Bylaw is adopted, it shall be placed in the corporate book in the appropriate place. If any Bylaw is repealed, the fact of repeal, with the date of the meeting at which the repeal was enacted or written assent was filed, shall be stated in said book.

Section 3 - FHA/VA Approval: If so provided in the Declaration or in any supplementary declaration recorded pursuant thereto, no amendment to these Bylaws shall be effective without the prior written approval of the FHA or VA, as the case may be.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of Peppertree Bend Association, a California nonprofit corporation, and that the preceding Bylaws, consisting of 15 pages, were adopted by the action of the Board of Directors on August . 1996.

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