

BYLAWS OF
RIVER RIDGE FAIRWAYS HOMEOWNERS ASSOCIATION

ARTICLE I

GENERAL

Section 1. Bylaws Applicability. The provisions of these Bylaws are applicable to the Project, commonly known as "River Ridge Fairways," consisting of Lots 310 through 368, inclusive, of Tract Map 3384-6, as shown on the map filed at Book 111, Pages 82 through 85 of Maps in the Office of the County Recorder of Ventura County, California. The term the "Declaration" shall mean that certain Declaration by Covenants, Conditions and Restrictions applicable to River Ridge Fairways and filed in the Office of the County Recorder of Ventura County on March 16, 1988, as Document No. 88-33731, of Official Records, as the same may be amended from time to time in accordance with the terms thereof. The other terms used herein shall have the meanings given to them in the Declaration, which definitions are incorporated herein by reference and made a part hereof.

Section 2. Personal Application. All present and future owners, tenants, future tenants or their employees or any other person that might own or occupy a Lot in River Ridge Fairways in any manner, are subject to the regulations set forth in these Bylaws as the same may be amended from time to time, as provided herein.

The mere acquisition or rental of any of the Lots within River Ridge Fairways or the mere act of occupancy of any of said Lots will signify that these Bylaws are accepted, ratified and will be complied with.

Section 3. Principal Office. The office of this corporation shall be located at such location within the Project in the County of Ventura, State of California, as may be designated from time to time by the Board of Directors of the Association.

ARTICLE II

MEMBERS OF ASSOCIATION

Section 1. Membership. Every person, firm, partnership, corporation, association or other entity who or which is or shall at any time become the Owner of a Lot within River Ridge Fairways (including Declarant with respect to any

retained or unsold Lots) shall automatically, upon becoming such an Owner, become a member of the Association. Every such member of the Association shall be, except as otherwise provided in this Declaration and these Bylaws, subject to and shall comply with each and all of the provisions of the Articles of Incorporation of the Association, these Bylaws and the Declaration as the same or any or all of them may, from time to time, be amended. Declarant, its successors and assigns shall be deemed the Owner of all Lots retained or unsold by Declarant.

Section 2. Transfer and Termination of Membership.

The membership of each Owner in the Association is appurtenant and inseparable from its ownership of a Lot which is a part of River Ridge Fairways and shall be automatically transferred upon any transfer or conveyance of the Owner's entire interest in the Lot to any grantee or transferee. Except as provided in this section, no membership shall be transferable, whether by gift, bequest, devise, assignment or otherwise. Any transfer or attempted transfer made in violation of the provisions of this section shall be void and will not be reflected on the books and records of the Association.

Section 3. Meetings.

(a) Place. Annual and special meetings of the members of the Association shall be held within River Ridge Fairways or such other place as close thereto as practicable within Ventura County which may be designated by resolution of the Board of Directors.

(b) Annual Meetings. The first special annual meeting of the members shall be held within one (1) year from the date of incorporation of the Association or within forty-five (45) days after the close of escrow for the sale of the Lot which represents the fifty-first (51st) percentile interest authorized for sale under the public report for River Ridge Fairways, whichever first occurs, but in no event not later than six (6) months after the close of escrow for the sale of the first Lot in River Ridge Fairways. The next regular annual meeting shall be set by the Board so as to occur not later than ninety (90) days after the close of the Association's fiscal year. Subsequent regular annual meetings of the members shall be held within thirty (30) days of the same day of the same month of each year thereafter, at the hour of seven o'clock p.m. 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 (excluding Saturday and Sunday).

(c) Special Meeting. Special meetings of the members may be called at any time by the president, and shall be promptly called when requested by a majority of a quorum of the Board of Directors or upon receipt by the Board of a writ-

ten request therefor signed by members representing at least five percent (5%) of the total voting power of the Association.

(d) Notices of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of the secretary or other person authorized to call the meeting, by personal delivery or by mailing a copy of such notice, postage prepaid, at least ten (10) but not more than ninety (90) days before such meeting to each first mortgagee requesting notice, at the address supplied by such first mortgagee, and to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

If action is proposed to be taken at any meeting for any of the following proposals, the notice shall also state the general nature of the proposal:

- (i) The removal of a Director without cause;
- (ii) The filling of vacancies in the Board of Directors by the members;
- (iii) The amendment of the Articles of Incorporation; or
- (iv) The approval of a contract or a transaction in which a member of the Board of Directors has a material financial interest.

Member action on any such actions shall be invalid unless the notice or written waiver of notice includes such statement.

First mortgagees may designate in writing a representative to attend all meetings.

(e) Voting Rights. The Association shall have two classes of voting memberships:

(i) Class A members shall be all those members (as in the above Section 1 of this Article II) with the exception of the Declarant (as defined in Section 2 of Article I hereof). Class A members shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds such interest in any Lot, the vote for such Lot shall be exercised as they among themselves determine but in no event shall more votes than that to which a Lot is entitled be cast with respect to any Lot.

(ii) The Class B member shall be the Declarant and shall be entitled to vote the number of votes which is

equal to three (3) times the number of Lots owned by it. The Class B membership shall forever cease and be permanently converted into a Class A membership on the happening of any of the following events, whichever occurs first:

(A) When the total votes outstanding in the Class A membership equals the total votes (tripled as stated above) outstanding in the Class B membership; or

(B) Two (2) years from the date of the original issuance of the most recently issued subdivision public report by the California Commissioner of Real Estate for River Ridge Fairways.

(C) Four (4) years from the date of the original issuance of the initial subdivision public report by the California Commissioner of Real Estate for River Ridge Fairways.

(iii) The vote of members otherwise entitled to vote who hold an aggregate of fifty-one percent (51%) of each class of membership shall decide any questions brought before any special or annual meeting unless the question is one upon which, by express provision of statute, the Articles of Incorporation, the Declaration or these Bylaws, a different vote is required, in which case such express provision shall govern and control; provided that, upon the conversion of the Class B membership into Class A membership, the vote of a majority of the total voting power of the Association as well as the vote of a majority of the total voting power of members other than Declarant shall decide any questions unless otherwise expressly provided.

(iv) The first election of the Board of Directors shall be conducted at the first meeting of the Association. At such election the members or their proxies may cast, with respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting shall be utilized during all elections in which more than two (2) positions on the Board are to be filled subject to the procedural prerequisites to cumulative voting prescribed in Section 7615(b) of the California Corporations Code. Voting for directors shall be by secret written ballot.

(v) At any election of the Board of Directors in which a majority of the voting power of the Association resides in Declarant, or which is held at a time while there are two classes of membership outstanding, at least one (1) director shall be elected solely by members other than Declarant. In such election, in the event that at least one (1) director is not elected solely by members other than Declarant, the person nominated for the Board who

receives the highest number of votes cast by members other than Declarant shall be elected to the Board, and the remaining directors shall be elected in accordance with normal voting procedures. A director who was so elected by members other than Declarant may be removed from office prior to the expiration of his term only by votes cast by a majority of members other than Declarant. In the event the authorized number of directors is increased, this subsection shall be amended so as to provide that not less than twenty percent (20%) of the directors are elected by members other than Declarant.

(vi) Nomination for election to the Board of Directors shall be made by a Nominating Committee, which need not be composed of members of the Association. Notice to the members of the annual meeting shall include the names of all those persons who are nominees at the time the notice is sent. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it in its discretion shall determine, but not less than the number of vacancies that are to be filled. Such nominations shall be made from among the members of the Association, unless election of non-members is permissible pursuant to Section 1 of Article III hereof. All candidates shall have reasonable opportunity to communicate their qualifications to members and to solicit votes.

(vii) Notwithstanding anything to the contrary contained herein, when the books or records of the Association show a member to be more than thirty (30) days delinquent in the payment to the Association of any Regular or Special Assessment, the Association shall immediately give said member a notice which shall provide the member with at least fifteen (15) days prior notice that said member shall not be entitled to be eligible to vote or to be elected to the Board of Directors as long as said member continues to be in arrears. The notice shall also provide the member with an opportunity to be heard before the Board of Directors, which has authority to decide said matters, not less than five (5) days before the effective date of said suspension of voting rights. The notice may be personally served, or may be given by first class or registered mail sent to the last address of the member shown on the Association's records.

Such voting rights, together with all other membership rights of a member may also be suspended after notice and an opportunity for a hearing before the Board has been given, following the same notice and opportunity for hearing requirements established above, for a period of not to exceed thirty (30) days for any single violation of the provi-

sions of the Declaration or of the rules and regulations established by the Board governing the operation of River Ridge Fairways.

(f) Quorum. The presence either in person or by proxy, at any meeting, of members entitled to cast fifty-one percent (51%) of the votes of each class of membership, shall constitute a quorum for any action, except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such a quorum shall not be present or represented at any meeting, a majority of the members entitled to vote thereat shall have the power, from time to time, to adjourn the meeting to a date not less than five (5) days and not more than thirty (30) days later, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented.

The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum; provided that at least twenty-five percent (25%) of the total voting power of the Association remains present in person and/or by proxy and provided further that any actions taken shall be approved by at least a majority of the members required to constitute a quorum.

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 for regular meetings.

(g) Proxies. At any meeting of the members of the Association, each member entitled to vote may vote in person or by proxy, provided that any such proxies shall be in writing, executed by the member entitled to vote or by the member's duly authorized attorney-in-fact and filed with the secretary of the Association prior to the commencement of any meeting at which a vote by such proxy may be cast. Every proxy shall be revocable and shall automatically terminate upon (1) the conveyance by the member of his Lot, or (2) receipt of notice by the secretary or the Board of the death or judicially declared incompetence of the member, or (3) upon the expiration of twelve (12) months from the date of execution of the proxy, unless a lesser time is specified in the proxy. Every form of proxy or written ballot which provides an opportunity to specify approval or disapproval with respect to any proposal shall also contain a space marked "abstain".

(h) Consent of Absentees. The transaction of any business at any meeting of the members of the Association, whether an annual or special meeting, however called or

noticed, shall be as valid as though had at a meeting duly held after regular call and notice thereof if there was a quorum present either in person or by proxy and if either before or after such meeting each member who would have been entitled to vote if he had been present in person or by proxy, signs a written waiver of notice or a consent to the holding of such meeting or approval of the minutes thereof. All such waivers, consents and approval of the minutes thereof shall be filed with the records of the Association or made a part of the minutes of the meeting.

Section 4. Action Without Meeting. Any action, except for the election of directors, that may be taken at any annual or special meeting of members may be taken without a meeting and without special notice if written ballots are solicited from all members and are received from a number of members at least equal to the quorum applicable to a meeting of members. All such written ballots shall be filed with the secretary of the Association and maintained in the Association's records. All solicitations of ballots shall indicate the time by which the ballots must be returned to be counted.

Section 5. Liability of Members. No officer, director or member of the Association shall be personally liable for any of the debts, liabilities or obligations of the Association.

ARTICLE III

BOARD OF DIRECTORS

Section 1. Number. The affairs of the Association shall be managed by a Board of five (5) directors who need not be members of the Association, until conversion of Class B memberships to Class A memberships, after which time all directors must be members of the Association.

Section 2. Term of Office. At the first annual meeting the members shall elect five (5) directors for a term of one (1) year and at each annual meeting thereafter the members shall elect five (5) directors for a term of one (1) year.

Section 3. Duties. It shall be the duty of the Board of Directors to:

(a) Maintenance: Maintain the Common Areas in accordance with the Declaration;

(b) Insurance: Maintain adequate liability and hazard insurance in accordance with the Declaration;

(c) Assessments: Fix, levy, collect and enforce assessments as set forth in the Declaration;

(d) Expenses and Obligations: Pay all expenses and obligations incurred by the Association in the conduct of its business;

(e) Records: Cause to be kept a complete record of all its acts (and corporate affairs) and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by twenty-five percent (25%) of the Class A members; keep adequate and correct books of account, minutes of proceedings of its members, Board and committees, and a record of its members, giving their names and addresses and classes of membership.

(f) Supervision: Supervise all officers, agents and employees of the Association and to see that their duties are properly performed;

(g) Enforcement: To enforce by the equitable and/or legal means available any and all of the provisions of the planned development documents, including, but not limited to these Bylaws and the Declaration as the same or any of them may, from time to time, be amended.

(h) Current and Deferred Maintenance Funds: Establish and maintain a Current Maintenance and Operation Account and a Deferred Capital Maintenance and Replacement Account as provided in the Declaration.

Section 4. Powers. Except as otherwise specifically provided in the Declaration and the Articles of Incorporation, the Board of Directors shall have the power to perform on behalf of the Association all acts necessary or appropriate for the management and administration of River Ridge Fairways including, but not limited to, those powers existing under common law and statutes, the Articles of Incorporation of the Association, these Bylaws, the Declaration as the same or any of them may, from time to time, be amended. Without limiting the generality of the foregoing, said powers shall include but not be limited to the following:

(a) Rules and Regulations. Adopt, publish and deliver to Members rules and regulations governing the maintenance and use of the Common Areas in accordance with the specific provisions and procedures set forth in the Declaration.

(b) Suspension of Membership Rights. Suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association and to suspend such rights, for a

period not to exceed thirty (30) days after infraction of published rules and regulations, after meeting the notice and opportunity for hearing requirements provided for in Article II, Section 3(e) (vii).

(c) General. Exercise for the Association all powers, duties, and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration.

(d) Removal for Cause. Declare vacant the office of a member of the Board who has (i) been declared of unsound mind by a final order of court or convicted of a felony, or (ii) been absent from three (3) consecutive regular meetings of the Board of Directors.

(e) Manager. Procure the services of a manager, together with the services of such other persons as the Board of Directors shall from time to time determine to be necessary or proper for the daily management, operation and maintenance of River Ridge Fairways.

(f) Insurance. Obtain and maintain such policies of casualty, liability and other insurance covering such persons, property and risks as the Board may determine to be appropriate or as may be required pursuant to Section 11.05 of the Declaration.

(g) Gardening. Provide services of a gardener or gardeners to maintain, renew or replace all or any portion of the landscaping, gardening or green areas within the Common Areas, together with all tools, supplies, plants and equipment reasonably necessary for such purposes.

(h) Audit. Cause to be performed an annual audit, by an independent Certified Public Accountant if the annual gross income of the Association exceeds seventy-five thousand dollars (\$75,000.00), or if otherwise deemed necessary or desirable by the Board, of the accounts and operating statements of the Association, Board of Directors, its officers, the manager and his staff. Said audit shall include all of the income and expenditures of the Association, its Board of Directors, its officers, the manager and his staff for the maintenance and operation of the Project for the Association's fiscal year. If any additional audit beyond said annual independent audit is desired by a majority of the Owners, it shall be prepared at the expense of the Owners desiring such additional audit. The Board shall cause the following financial statements, budgets and reports to be prepared and distributed to all members:

(1) A statement of the Association's policies and practices in enforcing its remedies against members for defaults in the payment of regular and special

assessments including the recording and foreclosing of liens against members' Lots.

(2) A proforma operating statement (budget) for each fiscal year not less than forty-five (45) days and not more than sixty (60) days before the beginning of the fiscal year, prepared as follows:

(A) Estimated revenue and expenses on an accrual basis.

(B) The amount of the total cash reserves of the Association currently available for replacement or major repair of common facilities and for contingencies.

(C) An itemized estimate of the remaining life of, and the methods of funding to defray repair, replacement or additions to major components of the common areas and facilities for which the Association is responsible.

(D) A general statement setting forth the procedures used by the governing body in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the common areas and facilities for which the Association is responsible.

(3) A balance sheet as of an accounting date which is the last day of the month closest in time to six (6) months from the date of the close of escrow for the first sale of a Lot in River Ridge Fairways and an operating statement for the period from the date of such first closing to the said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the numbers of the Lots and the name or names of the Owners assessed.

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

(A) A balance sheet as of the end of the fiscal year.

(B) An operating (income) statement for the fiscal year.

(C) A statement of changes in financial position for the fiscal year.

(D) Any information required to be reported under Section 8322 of the Corporations Code. If the annual report is not prepared by a Certified Public Accountant, the annual report shall be prepared by the Chief Financial Officer of the Association, who shall certify that the statements were prepared without audit from the books and records of the Association.

(i) Professional Services. Contract and pay for legal and accounting services for the Association, its Board of Directors, its officers, the manager and his staff, provided that said services and fees are incurred solely in connection with (1) the management, operation and maintenance of River Ridge Fairways or (2) the performance or enforcement

(including the collection of any assessments) of the provisions of the Declaration, these Bylaws or the Articles of the Association.

(j) Bonds. Provide such fidelity bond or bonds as may be deemed necessary or appropriate by the Board of Directors naming the Board of Directors, the officers of the Association, the manager and his staff and such other person or persons as may be designated by the Association as principals with the Association (as trustee) as the obligee.

(k) Working Capital Fund. Establish and maintain a working capital contingency fund in an amount to be determined by the Board of Directors of the Association.

(l) Additional Services. Such other services for the use, enjoyment and protection of River Ridge Fairways and the residents thereof as the Association may determine from time to time are reasonable, proper or desirable.

(m) General. Take such action and incur such obligations whether or not hereinbefore expressly specified, as shall be reasonably necessary for the enforcement of this Declaration and for the protection of the common interests of the Owners in River Ridge Fairways.

(n) Delegation. Delegate its authority and powers to committees, officers or employees of the Association.

Section 5. Prohibited Acts. The Board of Directors shall not take any of the following actions, except with the vote or written consent of a majority of the voting power of the Association residing in members other than Declarant:

(a) Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Areas or the or the Association for a term longer than one (1) year with the following exceptions:

(i) 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;

(ii) Prepaid casualty and/or liability insurance policies of not to exceed three (3) years' duration, provided that the policy permits short rate cancellation by the insured; and

(iii) A management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration.

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

(c) 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; and

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

(e) Filling of a vacancy on the Board created by the removal of a Board member.

Section 6. Removal of Directors. Unless the entire Board is removed from office by the vote of the Association members, an individual director shall not be removed prior to the expiration of this term of office if the number of votes cast against his removal would be sufficient to elect the director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of Board members authorized at the time of the most recent election of the Board member were then being elected. In the event of the death or resignation of a director, the successor to such director shall, subject to the power of the members, be selected by a majority of the remaining members of the Board and shall serve for the remaining unexpired term of the director's predecessor.

Section 7. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 8. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly at such place within River Ridge Fairways and at such hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday, excluding Saturday and Sunday. Notice of the time and place of such meeting shall be posted at a prominent place or places within River Ridge Fairways, and shall be communicated to Board members not less than four (4) days prior to the meeting; provided, however, that notice of a meeting need not be given to any Board member who has signed a waiver of notice or a written consent to the holding of the meeting.

Section 9. Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the president of the Association, or any two directors other than the president. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be sent to all directors and posted at a prominent place within River Ridge Fairways not less than four (4) days prior to the scheduled time of the meeting; provided, however, that a notice of the meeting need not be given to any Board member who signed a notice of waiver or a written consent to the holding of the meeting.

Section 10. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act performed or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 11. Open Meetings. All meetings of the Board shall be open to all members of the Association, but members other than directors may not participate in any discussion or deliberation unless expressly so authorized by a majority of a quorum of the Board.

Section 12. Executive Session. The Board may, with approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, disciplinary matters and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 13. Action by Unanimous Written Consent. The Board may take actions without a meeting if all of its members consent in writing to the action to be taken. If the Board resolves by unanimous written consent to take action, an explanation of the action taken shall be posted at a prominent place or places within River Ridge Fairways within three (3) days after the written consents of all Board members have been obtained.

Section 14. Adjournment. A quorum of the directors may adjourn any directors' meeting to meet again at a stated day and hour. In the absence of a quorum, a majority of the directors present may adjourn from time to time to meet again at a stated day and hour prior to such time as may be fixed for the next regular meeting of the Board. The motion for adjournment shall be recorded in the minute book of the corporation, notice of the time and place of an adjourned meeting need not be given to any director present at the meeting adjourned if the time and place be fixed at the meeting adjourned.

Section 15. Certificate of Identity. Immediately following the election of any Director, the secretary of the Association may issue a certificate identifying him as a director of the Association with certificate shall, in accordance with the provisions of Section 1355(a) of the California Civil Code, be conclusive evidence of said director's membership on the Board of Directors in favor of any person relying thereon in good faith, provided that any such certificate shall set forth on its face the term of office for which such director has been elected. Any certificate so issued shall be maintained by the secretary of the Association and shall be cancelled upon the expiration of the term of office of the director named thereon or upon his death, removal or resignation.

Section 16. Liability of Directors. The members of the Board of Directors shall not be liable to the members of the Association for any non-willful tort, mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The members of the Association shall and do hereby agree to indemnify and hold harmless each member of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith. If obtainable at a reasonable cost to the Association, the Association shall purchase liability insurance for each director covering his personal liability for his acts and omissions occurring while acting in the capacity of a director of the Association, the cost of which shall be paid by the Association as a Common Expense.

Section 17. Fidelity Bonds. The Board of Directors may require that all officers and employees of the Association handling or responsible for any or all funds received or collected by the Association shall furnish adequate fidelity bonds. The premiums on said bonds shall be paid by the Association as a Common Expense.

ARTICLE IV

OFFICERS

Section 1. Enumeration. The officers of the Association shall be a president, a vice-president, a secretary, a chief financial officer and such other officers as are elected by the Board of Directors including in its discretion a chairman of the board. When the duties do not conflict any two (2) or more offices, except those of president and secretary or president and assistant secretary may be held by the same person.

Section 2. Election and Tenure. Except with respect to (i) the officers elected by the Initial Board of

Directors and (ii) subordinate officers described in Section 3, below, the officers of the Association shall be elected annually by the Board of Directors at the annual organization meeting of the Board provided that new offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been elected and shall have been qualified.

Section 3. Subordinate Officers. The Board of Directors may, from time to time, appoint such other officers as are necessary for the management and administration of the Association (including but not limited to a manager) each of whom shall perform such duties as are set forth in the Declaration and as the Board of Directors may from time to time determine.

Section 4. Removal and Resignation. Any officer elected or appointed by the Board of Directors may be removed by a majority of the Board of Directors whenever in their judgment the best interests of the Association would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officers so removed. Any officer may resign at any time by giving written notice to the Board of Directors or the president or to the secretary of the Association. Any such resignation will take effect at the date of receipt of such notice or at any later date specified therein, and unless otherwise specified therein, 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 otherwise may be filled by the Board of Directors for the unexpired term of the officer replaced.

Section 6. Chairman of the Board. The chairman of the Board, if there shall be such an officer, shall, if present, preside at all meetings of the Board of Directors and exercise and perform such other powers and duties as may from time to time be assigned to him by the Board of Directors.

Section 7. President. The president shall be the principal executive officer of the Association and shall, subject to the control of the Board of Directors, supervise, direct and control all of the business and affairs of the Association and the officers thereof. He shall preside, in the absence of a chairman of the Board, at all meetings of the members of the Association and of the Board of Directors. He may sign, together with the secretary (or any other officer of the Association duly authorized by the Board of Directors) any deeds, mortgages, bonds, contracts, agreements or other instruments which the Board of Directors have authorized to be executed except in such case where the signing and execution thereof shall be expressly delegated by the Board of Directors

or by these Bylaws, the Declaration or by statute to some other officer or agent of the Association, and shall have all the general powers and perform all of the duties usually vested in the office of president of a corporation including all the powers and duties as may, from time to time, be prescribed by the Board of Directors, or by these Bylaws.

Section 8. Vice-President. In the absence of the president or in the event of his inability or refusal to act, the vice-president shall perform the duties of the president and when so acting, shall have all the powers and be subject to all of the restrictions upon the president. Any vice-president shall have such other powers and perform such other duties as from time to time may be assigned to him by the president or by the Board of Directors.

Section 9. Secretary. The secretary shall keep the minutes of all meetings of the members of the Association and the Board of Directors in one or more books provided for that purpose. He shall cause all notices to be duly given to the members of the Association and to its Board of Directors in accordance with the provisions of these Bylaws, the Declaration or as otherwise required by law. He shall be the custodian of the Association's records and of the seal of the Association and shall cause said seal to be affixed to all documents, the execution of which on behalf of the Association under its seal is duly authorized in accordance with the provisions of these Bylaws. He shall keep a register of the post office address of each member of all the Association and its directors and its officers and shall perform all duties incident to the office of secretary and such other duties as may be required of him by the provisions of these Bylaws, the Declaration or as from time to time may be assigned to him by the president or by the Board of Directors including but not limited to the filing, recordation and issuance of any notice, document, certificate or other instrument described in the Declaration or these Bylaws.

Section 10. Chief Financial Officer. If required by the Board of Directors, the chief financial officer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine. The chief financial officer shall have charge and custody of and be responsible for all funds, securities and/or proceeds collected, owned and/or received by the Association. He shall receive and give receipts for monies due and payable to the Association from any source whatever and deposit all such monies in the name of the Association in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these Bylaws and the Declaration. He shall keep and maintain the assessment rolls and the accounts of the members of the Association, keep and maintain the books of the Association in accordance with generally accepted accounting principles and

shall perform all other duties incident to the office of Chief Financial Officer and such other duties as from time to time may be assigned to him by the president or the Board of Directors.

Section 11. Assistant Treasurer and Assistant Secretary. If required by the Board of Directors, any assistant financial officer shall give bonds for the faithful discharge of his duties in such sums and with such sureties as the Board of Directors shall determine. Any assistant financial officer and assistant secretary shall, in general, perform such duties as shall be assigned to them by the chief financial officer or the secretary or by the president or the Board of Directors.

Section 12. Committees. The Board of Directors shall appoint an Architectural Committee, as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE V

MISCELLANEOUS

Section 1. Checks, Drafts, Etc. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness issued in the name of or payable to the Association shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

Section 2. Contracts. The Board of Directors, except as otherwise provided in these Bylaws and the Declaration, may authorize any officer, manager, agent or employee to enter into any contract or execute any instrument in the name of or behalf of the Association and such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, no officer, manager, agent or employee shall have any power or authority to bind the Association by any contract, agreement or engagement or to pledge the credit of the Association or to render the Association liable for any purpose or to any amount.

Section 3. Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, savings and loan associations or other depositories as the Board of Directors may select.

Section 4. Gifts. The Board of Directors may accept on behalf of the Association any contribution, gift, bequest or devise for any general or special purpose of the Association.

Section 5. Inspection of Records by Members. The membership register, books of account and minutes of meetings of the members, of the Board and of committees shall be made available for inspection and copying by any member of the Association, or by his duly appointed representative at any reasonable time and for any purpose reasonably related to his interest as a member, at the office of the Association or at such other place within the Project as the Board shall prescribe. The Board shall establish reasonable rules with respect to:

(a) Notice to be given the custodian of the records by the member desiring to make the inspection;

(b) Hours and days of the week when such an inspection may be made; and

(c) Payment of the cost of reproducing copies of documents requested by a member.

Section 6. Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director shall include the right to make extracts or copies of documents.

Section 7. Fiscal Year. The fiscal year of the Association shall be determined by the Board of Directors and having been so determined is subject to change from time to time as the Board of Directors may determine.

Section 8. Parliamentary Rules. Roberts Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with the Articles of Incorporation, these Bylaws, the Declaration or with the statutes of the State of California.

Section 9. Assessment Rolls. The assessment rolls shall be maintained in a set of accounting books in which there shall be an account for each Lot within the Project. Such account shall designate the name and the street address of the Lot, its Owner, the amounts of any and all Assessments and delinquencies with respect to said Owner and his Lot, the dates and amounts in which the Assessments come due, the amounts paid upon account thereof and the balance due upon any Assessment.

Section 10. Annual Audit and Periodic Financial Reports. The Board of Directors may cause an independent audit of the financial affairs of the Association to be made on an annual basis and shall cause periodic financial reports to be distributed to the Membership as provided herein.

Section 11. Conflicts. If there are any conflicts or inconsistencies between the provisions of the Declaration and these Bylaws, the terms and provisions of the Declaration shall prevail; and in the case of any conflict the Articles of Incorporation and these Bylaws, the Articles shall control.

Section 12. Amendments to Bylaws. So long as there is more than one class of membership outstanding, these Bylaws may be amended by the members of the Association, at a meeting duly held for such purpose, upon the vote or written consent of members holding a majority of the voting power of each class of membership of the Association. At such time as there is only one class of membership outstanding, any such consent of members representing both:

(1) Fifty-one percent (51%) of the total voting power of the Association, and

(2) Fifty-one percent (51%) of the votes of members other than the Declarant under the Declaration.

The percentage of the voting power necessary to amend a specific clause or provision shall not be less than the percentage of affirmative votes prescribed for action to be taken under the clause or provision.

Section 13. Use of Pronouns. As used in these Bylaws, the neuter pronoun shall include the masculine and the masculine pronoun the feminine and the singular number shall include the plural and the plural the singular.

ARTICLE VI

MORTGAGES

Section 1. Notice of Unpaid Assessments. The Association shall, at the request of any first mortgagee of any recorded mortgage upon any Lot, provide to such mortgagee written notification of any default by the Owner of such Lot in the performance of such Owner's Obligations under the Declaration of Covenants, Conditions and Restrictions which is not cured within thirty (30) days.

ARTICLE VII

ANNEXATION OF ADDITIONAL PROPERTY

Section 1. Procedure. The annexation of additional Lots and Common Areas to the River Ridge Fairways and the addition of Owners thereof to the membership of the Association shall be effected in accordance with the terms of Section 3.02 of the Declaration, the provisions of which are incorporated herein by reference.

ARTICLE VIII

COMPLIANCE

Section 1. State Law Applicable. These Bylaws are set forth to comply with the requirements of the Nonprofit Mutual Benefit Corporation Law of the Corporations Code of the State of California and shall be interpreted in a manner consistent with that Law.