

BY-LAWS OF
SUN LAKES COUNTRY CLUB HOMEOWNER ASSOCIATION

ARTICLE I

PLAN OF OWNERSHIP

Section 1. Name and Location. The name of the corporation is SUN LAKES COUNTRY CLUB HOMEOWNER ASSOCIATION, a California nonprofit, mutual benefit corporation and hereinafter referred to as the "Association." The principal office of the Association shall be located at the Subject Property in the City of Banning, County of Riverside, State of California, or at such other address within the County as may be designated by the Board from time to time.

ARTICLE II

DEFINITIONS

Section 1. Definitions. All capitalized terms used in these By-Laws shall, unless stated otherwise, be defined as set forth in that certain "Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Sun Lakes Country Club" recorded on April 10, 1987, as Instrument No. 100128 of Official Records of Riverside County, California, and any amendments thereto (said Declaration, including any amendments thereto, shall hereinafter be referred to as the "Master Declaration"). All of the terms and provisions of the Master Declaration are hereby incorporated herein by reference.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every person or entity who or which is an Owner, as defined in the Master Declaration, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest in any Lot, Apartment Building or Condominium in the Subject Property merely as security for the performance of an obligation.

Section 2. Application. The provisions of these By-Laws are applicable to the multi-phase master plan residential community development commonly known as Sun Lakes Country Club, located in the City of Banning, County of Riverside, State of California. All present and future owners and their tenants, lessees, employees, and any other person who might use the facilities located within the Subject Property in any manner, are subject to the regulations set forth in these By-Laws and in the Master Declaration. The acquisition, rental or leasing of any Lot or Condominium in the Subject Property or the occupancy by a Person of any Lot, Condominium or Apartment, will signify that these By-Laws are accepted, ratified and will be complied with by said Person.

Section 3. Voting. Members shall elect Delegates and Alternate Delegates to act on their behalf as set forth in Article IV of the Master Declaration, and as set forth herein. The number of votes (i.e., voting power) held or represented by each Delegate, the manner in which Members shall elect Delegates, and the manner which each Delegate should cast votes held by him or her, as set forth in the Master Declaration, are incorporated by reference herein.

Section 4. Meaning of Percentage Delegate Voting Power. As used in the Master Declaration and these By-Laws, any specified percentage "of Delegates" or "of the Voting Power of the Delegates" shall mean those Delegates representing such specified percentage of the voting power of the Membership in the

Association. Unless otherwise expressly provided in these By-Laws or the Master Declaration, any action which may be taken by the Association may be taken by Delegates representing a majority of the voting power of a quorum of the Delegates from the Association.

Section 5. Voting Rights. The Association shall have three (3) classes of voting membership, as follows:

Class A. Initially, Class A Members shall be all Members, with the exception of the Declarant and Participating Builders, and each Class A Member shall be entitled to one (1) vote for each Lot or Condominium which he owns, except that in the case of a Lot improved with an Apartment Building, the Class A Member owning the Lot shall be entitled to one (1) vote for each three (3) Apartments located on the Lot. In the event the number of Apartments on a Lot is not exactly divisible by three (3), no fractional vote shall be counted for the remaining Apartments. Declarant and Participating Builders shall become Class A Members with regard to Lots or Condominiums owned by Declarant or the Participating Builders upon the conversion of Declarant's or the Participating Builders' Class B Membership to Class A Membership, as provided below.

Class B. The Class B Member shall be the Declarant and Participating Builders. The Class B Members shall be entitled to three (3) times the number of votes to which the Class B Members would have been entitled as Class A Members.

The Class B Membership shall forever cease and be converted to Class A Membership on the happening of any of the following events, whichever occurs earliest:

(a) The second (2nd) anniversary of the original issuance by the DRE of the immediately preceding Final Subdivision Public Report for a Phase of Development;

(b) The eighth (8th) anniversary of the first Close of Escrow in Phase I of the First Subdivisions;
or

(c) June 30, 1995.

Except for the provisions in the Master Declaration regarding the enforcement of bonded obligations, and unless otherwise expressly provided, so long as Declarant possesses its Class B Membership, any provision in the Master Declaration, the Articles or these By-Laws which expressly requires the vote or written consent of a Majority or other specified percentage of the voting power of the Association before being undertaken, shall require the approval of: (i) the specified percentage of the voting power of the Delegates attributable to Lots or Condominiums owned by Members, other than Declarant, and (ii) the specified percentage of the voting power of the Delegates attributable to Lots or Condominiums owned by Declarant. In order to determine whether these requirements have been satisfied, each Delegate shall deliver to the chairman of the meeting of the Delegates a written notice listing: (i) the number of votes cast by the Delegate in favor of the matter being voted upon, (ii) the number of votes cast by the Delegate against the matter being voted upon, (iii) the number of votes cast by the Delegate in favor of the matter being voted upon, which votes are attributable to Lots or Condominiums owned by Members, other than Declarant, and (iv) the number of votes cast by the Delegate against the matter being voted upon, which votes are attributable to Lots or Condominiums owned by Members, other than Declarant. The chairman of the meeting shall then tabulate the total number of votes cast by all Delegates in each of the categories to determine whether the necessary approvals have been obtained.

Class C. The Class C Member shall be Declarant. The Class C Membership shall not be considered a part of the voting power of the Association, and Declarant shall not be entitled to exercise any Class C vote except for the purpose

of electing those members of the Board of Directors which the Class C Member is entitled to elect hereunder. The Class C Member shall be entitled to solely elect a majority of the members of the Board of Directors until the first to occur of the following events:

(a) The date on which the Close of Escrow shall have occurred for the sale by Declarant and any Participating Builders to the public of at least three thousand (3,000) Lots or Condominiums in the Subject Property; or

(b) The tenth anniversary of the recordation of the Master Declaration.

Section 6. Quorum. Except as otherwise provided in these By-Laws, the presence in person of the Delegates representing at least fifty-one percent (51%) of the voting power of the Association shall constitute a quorum of the membership. The Delegates present at a duly called meeting or meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Delegates to leave less than a quorum. Delegates may only act personally at a meeting of the Delegates, or by written ballot, and may not act by proxy.

Any meeting of the Delegates, whether or not a quorum is present, may be adjourned from time to time for any reason by a vote of the Delegates representing a majority of the voting power of the Delegates present at the meeting, to another time not less than five (5) days nor more than thirty (30) days from the date of the original meeting. If the time and place of the adjourned meeting are announced prior to the adjournment of the original meeting, no notice of the adjourned meeting is required, provided that if a new date is fixed for the adjourned meeting after the adjournment of the original meeting, notice of the date, time and place of the adjourned meeting shall be given to

Delegates in the manner prescribed in Article IV, Section 5 of these By-Laws. Any business that might have been transacted at the original meeting may be transacted at the meeting other than to adjourn the meeting to another time. If a meeting is adjourned because a quorum is not present, the quorum requirement at the adjourned meeting shall be twenty-five percent (25%) of the total voting power of the Association. If, however, such an adjourned meeting is attended by Delegates representing less than one-third (1/3) of the voting power of the Association, notwithstanding the presence of a quorum, no matter may be voted upon except those matters regarding which notice of the general nature of the matter to be voted upon was given in accordance with Article IV, Section 5 of these By-Laws.

Section 7. Alternative Method of Electing Delegates and Alternate Delegates. In the event that a Sub-Association is created by a Supplemental Declaration covering any portion of the Subject Property, and the Supplemental Declaration does not specify the procedure for the election of a Delegate and an Alternate Delegate to the Association, or if a Delegate District is created for any portion of the Subject Property not subject to a Supplemental Declaration, Delegates and Alternate Delegates shall be elected in accordance with the following procedure.

(a) The Board of Directors shall appoint a nominating committee to solicit and accept nominations from among the Owners within the Delegate District. The Board shall adopt procedures that provide for a reasonable opportunity for nominees to solicit votes and to communicate their qualifications and reasons for candidacy to the Members within the Delegate District.

(b) The Delegate and the Alternate Delegate shall be elected by written ballot. The Board shall cause ballots to be distributed to each Member within the Delegate District who is entitled to vote in accordance with the provisions of Section 7513 of the California Corporations Code,

as same may be amended from time to time. The ballot shall be given personally, or by first class, registered, or certified mail addressed to each Member at the address of the Lot or Condominium owned by the Member, or such other address as may be specified by the Member. Each ballot shall set forth: (a) the proposed action, (b) an opportunity to specify the Member's choice among the nominations, including an opportunity to write-in a name not listed among the nominations, and (c) the time by which the ballot must be received by the Board in order to be counted.

(c) A written ballot may not be revoked. Members shall have the number of votes as set forth in Article IV of the Master Declaration, and the nominee receiving the greatest number of votes cast shall be the Delegate for that Delegate District, and the nominee receiving the second greatest number of votes cast shall be the Alternate Delegate for that Delegate District. Delegates and Alternate Delegates shall serve for a concurrent term of one (1) year, or until such time as he has resigned or is removed; provided, however, that in the event the Board receives a petition signed by a majority of the Members within any such Delegate District requesting the removal of any Delegate or any Alternate Delegate elected pursuant to this Section, the Board shall cause another election to be held in the manner provided in this Section within ninety (90) days after receipt of any such petition to elect a new Delegate or Alternate Delegate, as the case may be.

(d) Unless otherwise decided by the Members of a Delegate District, the Board of Directors shall have the power to adopt procedures by which a Delegate may (i) call a special meeting of the Members owning Lots or Condominiums in his Delegate District for the purpose of obtaining instructions as to the manner in which the Delegate is to vote on any issue to be voted on by the Delegates; or, (ii)

may communicate to the Members owning Lots or Condominiums in his Delegate District the actions taken at any meeting of the Delegates.

Section 8. Delegate. If at a duly constituted meeting of the Members in the Delegate District, the Members have instructed their Delegate as to the manner in which he is to vote on any issue to be voted upon by the Delegates, the Delegate representing that Delegate District shall cast the voting power which he represents in the manner instructed by the Members. In the absence of any such instructions, the Delegate shall have authority to cast the votes which he represents in the manner as he may, in his sole discretion, deem appropriate.

Section 9. Alternate Delegates. An Alternate Delegate shall have and shall exercise the powers and duties of the Delegate for that Delegate District whenever the Delegate is absent, disabled or unable to act. A request by a Delegate to the Alternate Delegate to act on the Delegate's behalf may be made either orally or in writing. An Alternate Delegate may not act on behalf of a Delegate unless expressly authorized by the Delegate, unless the Delegate is unable to communicate the authorization due to injury, disease or other cause; provided, however, that an Alternate Delegate may act on behalf of a Delegate at any meeting of Delegates without prior authorization if the Delegate is absent from the meeting.

If at a duly constituted meeting of the Members in the Delegate District, the Members have instructed their Delegate as to the manner in which he is to vote on any issue to be voted upon by the Delegates, the Alternate Delegate representing that Delegate District shall cast the voting power which he represents in the manner instructed by the Members. In the absence of any such instructions, the Alternate Delegate shall have the authority to cast the votes which he represents in the manner as he may, in his sole discretion, deem appropriate.

Section 10. Vesting of Voting Rights. The voting rights attributable to any given Lot or Condominium in the Subject Property, as provided for herein, shall not vest until the Assessments provided for in the Master Declaration have been levied by the Association against said Lot or Condominium.

Section 11. Adjustment of Voting Rights. The voting rights in the Association shall be adjusted upon the annexation of a subsequent Phase, as provided for in the Master Declaration. Such adjustment shall become effective upon the first close of an escrow for the sale of a Lot or Condominium in such Phase.

Section 12. Transfer. The Association membership shall not be transferred, pledged or alienated in any way, except as incidental to the sale of a Lot or Condominium, and the membership shall be automatically transferred upon said sale. In the event of such sale, the Association membership may only be transferred, pledged or alienated to the bona fide purchaser or purchasers of the Lot or Condominium, or to the Mortgagee (or third-party purchaser) of said Lot or Condominium upon a foreclosure sale, deed in lieu or other remedy set forth in the Mortgage. Any attempt to make a prohibited transfer is void and will not be reflected in the books and records of the Association.

ARTICLE IV

ADMINISTRATION

Section 1. Association Responsibilities. The Association shall have all of the responsibilities set forth in the Master Declaration, including but not limited to, administering the Association Properties, approving the annual budget, establishing and collecting all Assessments authorized pursuant to the Master Declaration, and arranging for the overall architectural control of the Subject Property.

Section 2. Place of Meetings of the Delegates. Meetings of the Delegates shall be held within the Subject Property or such other suitable meeting place within the County as close

thereto as practicable and convenient to the Delegates, as may be designated by the Board of Directors from time to time.

Section 3. Organization and Annual Meetings. Regular meetings of Delegates of the Association shall be held not less frequently than once each calendar year at the time and place prescribed by these By-Laws. The first meeting of the Association, whether a regular or special meeting, shall be held within the time limitations as set forth in Article VI of the Master Declaration. Thereafter, the annual meetings of the Delegates shall be held on or about the anniversary date of the first annual meeting. Each first Mortgagee of a Lot or Condominium of the Subject Property may designate a representative to attend all annual meetings of the Delegates.

Section 4. Special Meetings. A special meeting of the Members of the Association shall be called by the President, as directed by resolution of the majority of a quorum of the Board of Directors, or by a petition being represented to the Secretary signed by Delegates representing at least five percent (5%) of the total voting power of the Association.

The notice of any special meeting shall be given within twenty (20) days after adoption of said resolution or receipt of such petition and shall state the time and place of such meeting and the purpose thereof. The special meeting shall be held not less than thirty-five (35) days or more than ninety (90) days after adoption of the resolution or receipt of a petition. No business shall be transacted at a special meeting except as stated in the notice. Each first Mortgagee of a Lot or Condominium of the Subject Property may designate a representative to attend all special meetings of the Delegates.

Section 5. Notice of Meetings. It shall be the duty of the Secretary to send a notice of each annual or special meeting by first-class mail, at least thirty (30) days and not more than ninety (90) days prior to such meeting, stating the purpose thereof as well as the day, hour and place where it is to be

held, to (1) each Delegate of record, (2) the Class B member, and (3) Members (if Directors are to be elected) and to each first Mortgagee of a Lot or Condominium, if said Mortgagee has filed a written request for notice with the Secretary. The notice may set forth time limits for speakers and nominating procedures for the meeting. The notice of any meeting at which Directors are to be elected shall include the names of all those who are nominees at the time the notice is given. The mailing of a notice, postage prepaid, in the manner provided in this Section, shall be considered served forty-eight (48) hours after the notice has been deposited in a regular depository of the United States mail. The notice shall also be posted in a conspicuous place on the Subject Property, and the notice shall be deemed served upon any Delegate upon posting if no address for the Delegate has been furnished to the Secretary.

Section 6. Special Notice Requirements. Approval by the Delegates of any of the following proposals, other than by unanimous approval of those Delegates entitled to vote, shall not be valid unless the general nature of the proposal was stated in the notice or in any written waiver of the notice:

- (a) removing a Director without cause;
- (b) filling vacancies on the Board;
- (c) amending the Articles;
- (d) approving a contract or transaction between the Association and any entity in which a Director has a material financial interest;
- (e) electing to wind up and dissolve the Association; or
- (f) approving a plan of distribution of assets, other than money, not in accordance with the liquidation rights of any class of Members (applicable only if the Association is in the process of winding up and there is more than one class of membership outstanding at the time).

Section 7. Waiver of Notice of Consent. The transactions of any meeting of Delegates, however called or noticed, and wherever held, shall be as valid as though taken at a meeting duly held after a regular call and notice, if (1) a quorum is present, and (2) either before or after the meeting, each Delegate entitled to vote, not present in person, signs a written waiver of notice, a consent to the holding of the meeting, or an approval of the minutes of the meeting. The waiver of notice, consent, or approval need not specify either the business to be transacted or the purpose of any meeting of Delegates, except that if action is taken or proposed to be taken for approval of any of those matters specified in Section 6 of these By-Laws, the waiver of notice, consent or approval shall state the general nature of the proposal. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Attendance of a Delegate at a meeting shall constitute a waiver of notice, unless the Delegate objects at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. However, attendance at a meeting is not a waiver or any right to object to the consideration of matters required to be included in the notice of the meeting but not so included, if that objection is expressly made at the meeting.

Section 8. Proof of Membership and Record Date. No person shall exercise the rights of membership in the Association until satisfactory proof of membership has been furnished to the Association. No Delegate shall be entitled to cast a vote on behalf of a Member with respect to any Lot or Condominium acquired by such Member after the applicable record date. Such proof may consist of either a duly-executed and acknowledged grant deed or title insurance policy showing that the person has an ownership interest in a Lot to Condominium that would entitle

the person to membership in the Association as provided in Section 4.02 of the Master Declaration. Such deed or policy shall be deemed conclusive proof of the person's membership in the absence of a conflicting claim based on a later deed or policy.

For the purpose of determining the Members entitled to notice of any meeting, to vote, or to exercise any other rights in respect of any lawful action, the Board may fix, in advance, a record date as follows: (1) the record date for notices shall be not more than ninety (90) days nor less than ten (10) days before the date of the meeting; (2) the record date for voting shall not be more than sixty (60) days before the date of the meeting or before the date on which the first written ballot is mailed or solicited; and (3) the record dated for any other action shall not be more than sixty (60) days before the date of such action. If no record date is fixed by the Board, the record date shall be determined in accordance with California Corporations Code Section 7611, as same may be amended from time to time. A person holding a membership as of the close of business on the record date shall be a Member of record.

Section 9. Action Without a Meeting and by Written Ballot. Any action that may be taken at any meeting of the Delegates, except the election of Directors, may be taken by written ballot if the following requirements are satisfied:

(a) The Association distributes a written ballot to each Delegate entitled to vote on the matter. The ballot shall be given personally, or by first-class, registered, or certified mail addressed to the Delegate at the address appearing on the books of the Association or given by the Delegate to the Association for the purpose of notice. The ballot shall provide a reasonable time within which to be returned. If ballots are distributed to ten (10) or more Delegates, and the Association has one hundred (100) or more

Delegates, the requirements of California Corporations Code Section 7514, as same may be amended from time to time, shall be satisfied.

(b) Each ballot shall set forth: (1) the proposed action, (2) an opportunity to specify approval or disapproval of any proposal, (3) a reasonable time within which to return the ballot to the Association pursuant to Section 7513 of the California Corporations Code, as same may be amended from time to time, in order to be counted, (4) the number of responses needed to meet the quorum requirement, and (5) the percentage of approvals necessary to approve the proposed action.

(c) The proposed action shall be considered approved by written ballot if (1) within the time period specified the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and (2) the number of approvals equals or exceeds the number of votes that would be required for approval at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

(d) A written ballot may not be revoked.

Section 10. Order of Business. Unless otherwise indicated by an agenda, the order of business at meetings of the Delegates shall be as follows: (1) appointment of inspector of election by the Board; (2) roll call to determine the voting power represented at the meeting; (3) proof of notice of meeting or waiver of notice; (4) reading of the minutes of the preceding meeting; (5) reports of officers; (6) reports of committees; (7) election of Directors (at annual meetings or special meetings held for such purposes); (8) unfinished business; and (9) new business.

Section 11. Minutes, Presumption of Notice. Minutes or a similar record of the proceedings of meetings of Delegates, when signed by the President or Secretary, shall be presumed

truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

Section 12. Representation. The annual and special meetings of the Delegates shall be open to attendance by all Members and Mortgagee representatives to the extent of the permissible capacity of the meeting room.

ARTICLE V

BOARD OF DIRECTORS:

SELECTION, TERM OF OFFICE

Section 1. Number and Qualifications of Directors.

The affairs of the Association shall be managed by a Board consisting of five (5) Directors. Except for those initially appointed to serve as Directors, the Board shall consist only of Members who are in good standing with the Association, or an agent of Declarant or an agent of a Participating Builder, for so long as Declarant or a Participating Builder owns a Lot or Condominium in the Subject Property or the Annexable Area. The authorized number of Directors may be changed by a duly adopted amendment to the By-Laws. Except as provided in Section 7 hereinafter, Directors shall not receive any salary or compensation for their services as Directors; provided, however, that (1) nothing herein shall be construed to preclude any Director from serving the Association in some other capacity and receiving compensation therefore, and (2) any Director may be reimbursed for their actual reasonable expenses incurred in the performance of said Directors' duties. The initial Directors shall be appointed by the Declarant as soon as practicable after the incorporation of the Association, and shall hold office until the first annual meeting of the Delegates are specified in these Bylaws. Except as

may otherwise be provided herein and in Article IV of the Master Declaration, after the first annual meeting, the Delegates shall elect Directors to fill all the positions of the Board.

Section 2. Nomination. Except for the initial Director selected by Declarant as provided for herein, nomination for election to the Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the Members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not fewer than the number of vacancies that are to be filled. Nominations may be made from among Members or non-Members so long as the Class B and Class C membership exists. Thereafter, nominations shall only be made from among Members.

Notwithstanding the foregoing, any Member or Delegate present in person at a meeting in which a Director or Directors are to be elected may place a name in nomination at the meeting prior to the vote. If the Association has five hundred (500) or more Members, the nomination requirements of California Corporations Code Section 7521, as may be amended from time to time shall be satisfied.

The Board shall adopt procedures that provide for a reasonable opportunity for nominees to communicate their qualifications and their reasons for candidacy to the Members, and to solicit votes, and for a reasonable opportunity for all Members to choose among their nominees.

Section 3. Election and Term of Office. At the first annual meeting of the Association, the Delegates shall elect the Directors in accordance with the provisions set forth herein. New

Directors shall be elected by secret ballot by the Delegates as provided herein. In the event that an annual meeting is not held, or the Board is not elected thereat, the Board may be elected at any special meeting of the Delegates held for that purpose. Each Director shall hold office until his successor has been elected or until his death, resignation or removal. Subject to the right of Declarant and Participating Builders to exercise Class B and Class C votes pursuant to Article IV of the Master Declaration, with respect to Directors elected at the first annual meeting of the Delegates, the three (3) Directors receiving the highest number of votes shall each be elected for a term of two (2) years, and the two (2) Directors receiving the next highest number of votes shall each be elected for a term of one (1) year. At each annual meeting thereafter, new Directors shall be elected to fill vacancies created by resignations or expiration of the terms of past Directors. Following the first annual meeting, the term of office for each Director elected to fill a vacancy created by the expiration of the terminated office of the perspective past Director shall be two (2) years. Term of office for each Director elected to fill a vacancy created by the resignation, death or removal of his predecessor shall be the balance of the unserved of his predecessor. Any person serving as a Director may be re-elected, and there shall be no limitation on the number of terms which a Director may serve.

Voting is required following an election in which two (2) or more positions are to be filled; provided, however, that all cumulative voting hereunder shall comply with the procedural prerequisites of California Corporations Code Section 7615(b), as same may be amended from time to time, which provides that no Delegates shall be entitled to accumulate votes for a candidate or candidates unless such candidate or candidates names have been placed into nomination prior to the voting, and a Delegate has given notice at the meeting prior to the voting of said Members who may cumulate votes. If a Delegate accumulates his votes, the

Delegate may cast a number of votes equal to the Delegate's share of the voting power, multiplied by the number of Directors to be elected.

Section 4. Special Class A Voting Procedures. Notwithstanding any other provision herein or in any other document regarding this Project to the contrary, from the first election of the Board and thereafter for so long as a majority of the voting power of the Association resides in the Declarant and/or Participating Builder, or so long as there are three (3) outstanding classes of membership in the Association, not less than twenty percent (20%) (though not less than one [1]) of the entire Board shall be elected solely by the Delegates casting votes attributable to Members other than Declarant and any Participating Builders. The Delegates shall ensure that at least one Director is an Owner not connected directly or indirectly with Declarant or any Participating Builders ("Nonaffiliated Owner") for so long as a majority of the voting power of the Association is attributable to Lots or Condominiums owned by Declarant or Participating Builders or the Class C vote is in effect. Election of Directors shall be first apportioned to Delegates representing the voting power of Members other than Declarant and any Participating Builders until the aggregate number of Directors on the Board elected by Delegates casting votes attributable to Members other than Declarant and any Participating Builders represents at least twenty percent (20%) (though not less than one [1]) of the entire Board so long as a majority of the voting power of the Association is attributable to Lots or Condominiums owned by the Declarant and/or Participating Builders, or the Class C vote is in effect. Any Nonaffiliated Owner shall be an eligible candidate for this special election. Such election shall be by written ballot unless a majority of the Delegates representing the voting power of the Member, other than Declarant and Participating

Builder, determine otherwise. The remaining Directors shall be elected in accordance with the cumulative voting procedures established herein.

Nonaffiliated Owners receiving the greatest number of votes cast by Delegates representing the voting power of Members other than Declarant and any Participating Builders shall be elected to the Board in a co-equal capacity with all of the Directors.

Section 5. Removal. At any regular or special meeting duly called, any one (1) or more of the Directors may be removed, with or without cause, by a vote of Delegates representing a majority of the total voting power of the Association (including votes attributable to Declarant and Participating Builders), and a successor may then and there be elected to fill the vacancy so created. Unless the entire Board is removed from office by the vote of the Members, an individual Director shall not be removed prior to the expiration of his 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 Directors authorized at the time of the most recent election of the Director were then being elected. A Director who has been elected to office solely by the votes of Delegates representing the voting power of Members other than Declarant or Participating Builder, may be removed from office prior to the expiration of his term of office only by the vote of at least a simple majority of the voting power residing in Members, other than the Declarant and Participating Builders; and in the event of such removal the Director's successor shall be elected in the same manner as the removed Director, pursuant to the provisions set forth herein.

Section 6. Vacancies. Vacancies on the Board caused by any reason, other than the removal of a Director by a vote of Delegates of the Association, shall be filled by vote of the majority of the remaining Directors, even though they may consti-

tute less than a quorum, and each person so elected shall be a Director shall serve for the remainder of the term of the Director he replaces or until a successor is elected at the next annual meeting of the Delegates of the Association, or at a special meeting of the Delegates called for that purpose. In the event that a majority of the remaining Directors are unable to agree upon a successor within fifteen (15) days following the occurrence of a vacancy, a special election to fill the vacancy shall then be held in accordance with the terms provided in the Article herein entitled "Nomination and Election of Directors," within not less than ten (10) days nor more than thirty (30) days following the expiration of said fifteen (15) day period. Notice of a special meeting and election shall be given in accordance with the terms provided herein. Vacancies shall be deemed to exist in case of death, resignation or, removal, or in case the Delegates fail to elect a full number of authorized Directors at any meeting at which the election is to take place.

Section 7. Compensation of Directors. No Director shall receive compensation for any service he may render to the Association, except as permitted under the Article contained in the Declaration entitled "Powers and Duties of the Association" and in Article VIII herein in his capacity as an Officer of the Association; provided, however, that a Director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Organizational Meeting. First Director meeting ("Organization") of a duly elected Board of Directors shall be held within ten (10) days of the election of the Board, at such time and place as shall be fixed and announced by the Directors at the meeting at which said Directors were elected, for the purpose of Organization, election of officers and the transaction of other business. No notice shall be necessary to the newly elected Directors in order to legally constitute such meeting; provided that: (1) a majority of the whole Board shall be present at the time and place announced at the Membership meeting, and (2) the Organization meeting is held on the same day at the same place as the meeting of Delegates at which the newly constituted Board was elected.

Section 2. Regular and Special Meetings. Regular meetings of the Board shall be open to the Members and may be held at such time and place within the Subject Property as shall be determined, from time to time, by a resolution adopted by a majority of a quorum of the Directors; provided, however, that such meetings shall be held no less frequently than quarterly. 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, or as otherwise determined by the Board. Notice of the time and place of a regular meeting shall be posted at a prominent place or places within the Subject Property, and shall be communicated to the Directors not less than four (4) days prior to the date named for such meeting unless the time and place of the meeting is fixed by the Directors and duly adopted herein; provided, however, that notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting. Special meetings of the Board shall be held when called by the President of the Association or by two (2) Directors, other than the President, after

not less than four (4) days written notice to each Director by first class mail, or seventy-two (72) hours notice prior to the meeting delivered personally or by telephone or telegraph. If served by mail, each such notice shall be sent, postage prepaid, to the address reflected on the records of the Association, and shall be deemed given, if not actually received earlier, at 5:00 p.m. on the second day after it is deposited in the regular depository of the United States mail. Whenever any Director has been absent from any special meeting of the Board, an entry in the minutes to the effect that notice has been duly given shall be conclusive evidence that due notice of the meeting was given to such Director, as required by law and as provided herein. The notice shall specify the time and place of the meeting and the nature of any special business to be transacted. Notice of a special meeting shall be posted as prescribed for notice of regular meetings; provided, however, that notice of the meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting. Regular and special meetings of the Board shall be open to all Members of the Association; provided, however, that Association Members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board. The Board may, with the approval of a majority of a quorum of the Directors, 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, 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 3. Meetings of Directors. The meetings of the Directors shall be held at the Subject Property or at such location within the County as may be designated by the Board.

Section 4. Action Without Meeting. The Board may take any action without a meeting if all members of the Board unani-

mously consent in writing to the action to be taken. If the Board resolves by unanimous written consent to take any such action, an explanation of the action taken shall be posted at a prominent place or places within the Subject Property within three (3) days after the written consent of all Directors has been obtained.

Section 5. Conduct of Meetings. The President of the Association shall preside over all meetings of the Board held during the Board's term of office. In the event the President shall be absent from any meeting, said meeting shall be presided over by the Vice President or such other Director as may be elected by a majority of a quorum of the Directors. The Secretary of the Association shall act as Secretary of the Board, but in the event the Secretary shall be absent, the President or presiding Director may appoint any person to act as Secretary for the meeting.

Section 6. Quorum. A majority of the total number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as an act of the Board.

A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, provided that any action taken or decision made is approved by at least a majority of the required quorum for that meeting. At any meeting of the Board of Directors, whether or not a quorum is present, the majority of those present may adjourn the meeting from time to time. Notice of the time and place of holding an adjourned meeting need not be given unless the original meeting is adjourned for more than twenty-four (24) hours.

ARTICLE VII
POWERS AND DUTIES OF THE
BOARD OF DIRECTORS

Section 1. Powers. The Board, for and on behalf of the Association, shall have the right and power to do all things necessary to conduct, manage and control the affairs and business of the Association, and may do all such acts and things as are not by law, the Master Declaration or by these By-Laws directed to be exercised exclusively by the Members acting through the Delegates. Subject to the provisions of the Articles, the Master Declaration and these By-Laws, the Board shall have all general powers authorized under the California Corporations Code for non-profit, mutual benefit corporations, and shall have all those specific powers more particularly set forth in Article VI of the Master Declaration.

Section 2. Special Powers and Duties. Without prejudice to such foregoing general powers and duties and such powers and duties as are set forth in the Declaration, the Board of Directors is vested with the following powers and duties:

(a) The power and duty to select, appoint, and remove all officer, agents, and employees of the Association and to prescribe such powers and duties for them as may be consistent with law, with the Articles of Incorporation, the Master Declaration and these By-Laws; to fix compensation, if any, of Officers, agents or employees and to require from them security for faithful service when deemed advisable by the Board.

(b) The power and duty to conduct, manage and control the affairs and business of the Association, and to adopt and enforce the Board Rules and regulations therefor consistent with law as well as Architectural Standards as provided in Article VII of the Declaration (also referred to herein as "Use Guidelines" and "Design Guidelines"). The Board Rules and Regulations shall become effective and bind-

ing after (1) they are adopted by a majority of the entire Board at a meeting called for that purpose; and, (2) they are posted in a conspicuous place in the Subject Property.

(c) The power, but not the duty, to change the principal office for the transaction of the business of the Association from one location to another within the County of Riverside, as provided in Article I hereof; to designate any place within such County for the holding of any annual or special meeting or meetings of Delegates consistent with the provisions of Article IV, Section 2 hereof; and to adopt and use a corporate seal and to alter the form of such seal from time to time, as the Board, in its sole judgment, may deem best, provided that such seal shall at all times comply with the provisions of law.

(d) The power and duty to enforce the provisions of the Master Declaration, the Board Rules and Regulations, these By-Laws, and other agreements of the Association.

(e) The power, but not the duty, to act as the management agent for any Sub-Association within the Subject Property and to charge a reasonable fee for such management services.

Section 3. Duties. The Board shall perform and execute, for and on behalf of the Association, all of the duties which have been delegated to the Association as set forth in Article VI entitled "Powers and Duties of the Association" in the Master Declaration.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration and Qualifications of Officers. The officers of this Association shall be a President, Vice President, Secretary and a Treasurer, all of whom shall be elected or appointed by the Board of Directors. The Board of Directors may appoint an Assistant Treasurer and an Assistant Secretary,

and such other officer as in their judgment may be necessary. Officers other than the President need not be Directors. Any Member serving as a Director of the Association may simultaneously serve as an Officer thereof.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

Section 3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year, unless such officer shall sooner resign or shall be removed or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as generally indicated above, as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office at any time, with or without cause, by an affirmative vote of a majority of the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at such later time specified therein, and unless otherwise specified therein, the acceptance of such resignation by the Board shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. Except in the case of special officers created pursuant to Section 4 of this Article, or as otherwise determined by the Board, or as stated herein, no person shall simultaneously hold more than one (1) office.

Section 8. Duties. Duties of the officers are as follows:

(a) President: The President shall preside at all meetings of the Association and the Board; shall see that orders and resolutions of the Board are carried out; shall co-sign all leases, mortgages, deeds and other written instruments, and shall co-sign all checks and promissory notes; provided, however, that the authority to co-sign all checks is assignable to a manager for the Project.

(b) Vice President: The Vice President shall act in the place and stead of the President in the event of the President's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors of these By-Laws.

(c) Secretary: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; shall co-sign all contracts, leases or other instruments executed in the name of or on behalf of the Association; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association, together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts all moneys of the Association and shall disburse such funds as directed by resolution of the Board; shall co-sign all checks and promissory notes of the Association; provided, however, that the authority to co-sign all checks is assignable to a manager for

the Subject Property; keep proper books of account; cause such annual reports and financial reporting of the Association books to be made at the completion of each fiscal year, as provided for in the Declaration, and shall cause to be prepared an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

Section 9. Compensation of Officers. Officers, agents, and employees shall receive such reasonable compensation, if any, for their services as may be authorized or ratified by the Board; provided, however, that no officer shall receive any compensation for services performed in the conduct of the Association's business unless such compensation is first approved by the vote of Delegates representing at least a majority of the voting power of the Association; provided, however, that (1) nothing herein contained shall be construed to preclude any officer from serving the Association in some other capacity and receiving compensation therefor, and (2) any officer may be reimbursed for his actual expenses incurred in the performance of such officer's duties. Appointment of any officer, agent, or employee shall not of itself create contractual rights of compensation for services performed by such officer, agent, or employee. Notwithstanding the foregoing, no officer, employee or Director of Declarant or a Participating Builder or any affiliate of Declarant or a Participating Builder may receive any compensation.

ARTICLE IX

OBLIGATIONS OF MEMBERS

Section 1. Assessments. All Members are obligated to pay, in accordance with the provisions of the Master Declaration, all Assessments imposed by the Association to meet all expenses of the Association. All delinquent Assessments shall be enforced,

collected or foreclosed in the manner provided in the Master Declaration.

Section 2. Repair and Maintenance. Every Member shall be responsible, at his sole cost and expense, for all maintenance and repair work on his Lot or Condominium unit, as required in the Master Declaration.

ARTICLE X
COMMITTEES

Section 1. Appointment of Committees. The Board of Directors may, by resolution adopted by a majority of the number of Directors then in office (provided that a quorum is present) create from time to time such committees as it shall desire, and may establish the purposes and powers of each such committee created. The resolution designating and establishing the committee shall provide for the appointment of its members, as well as a chairman, and shall state the purposes of the committee, and shall provide for reports, termination, and other administrative matters as deemed appropriate by the Board.

The Board may appoint one or more Directors as alternate members of any committee, who may replace any absent member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the Board or in these By-Laws, shall have all the authority of the Board, except with respect to:

(a) The approval of any action which also requires the approval of a majority of the voting power of the Delegates.

(b) The filling of vacancies on the Board or in any committee which has the authority of the Board.

(c) The fixing of compensation of the Directors for serving on the Board or on any committee.

(d) The amendment or repeal of By-Laws or the adoption of new By-Laws.

(e) The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable.

(f) The appointment of committees of the Board or the members thereof.

ARTICLE XI

INSPECTION OF BOOKS AND RECORDS

Section 1 Availability of Books and Records. The membership register, books of account and minutes of meetings of the Members, of the Board and of any and all 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 a purpose reasonably related to his interest as a Member, at the office of the Association or at such other place within the Subject Property as the Board shall prescribe.

Section 2. Rules Concerning Inspection. The Board shall establish reasonable rules with respect to:

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

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

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

Section 3. 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 includes the right to make extracts and copies of documents.

ARTICLE XII

NOTICE AND HEARING

Section 1. Suspension of Privileges. In the event of an alleged violation of the Master Declaration, the Architectural Standards, these By-Laws or the Board Rules and Regulations, and after written notice of such alleged failure is delivered personally or mailed to the Member or any agent of the Member ("Respondent") alleged to be in default in the manner herein provided, by first-class mail or by certified mail return receipt requested, or both, the Board of Directors shall have the right, after affording the Respondent an opportunity for an appropriate hearing in accordance with California Corporations Code Section 7341, as same may be amended from time to time, as hereinafter provided, and upon an affirmative vote of a majority of the entire Board of Directors, to take any one or more of the following actions: (1) levy a Compliance Assessment as provided in the Master Declaration; (2) suspend or condition the right of such Member to use any recreational facilities owned, operated or maintained by the Association or which the Association otherwise has the right to use as provided in the Master Declaration; (3) suspend the Member's voting privileges as a Member, as further provided in the Master Declaration; or (4) record a Notice of Noncompliance encumbering the Lot or Condominium of the Respondent. Any such suspension shall be for a period of not more than thirty (30) days for any noncontinuing infraction, but in the case of a continuing infraction (including nonpayment of any Assessment after the same becomes delinquent) may be imposed for so long as the violation continues. The failure of the Board to enforce the Board Rules and Regulations, the Architectural Standards, these By-Laws or the Master Declaration shall not constitute a waiver of the right to enforce the same thereafter. The remedies set forth above and otherwise provided by these By-Laws shall be cumulative and none shall be exclusive. However, any individual Member must exhaust all available internal remedies of

the Association prescribed by these By-Laws, or by the Board Rules and Regulations, before that Member may resort to a court of law for relief with respect to any alleged violation of the Master Declaration, the Use Guidelines, the Design Guidelines, these By-Laws or the Board Rules and Regulations by another Member, provided that the foregoing limitation pertaining to exhausting administrative remedies shall not apply to the Board, nor to any Member where the complaint alleges nonpayment of Regular Assessments, Special Assessments, or Compliance Assessments.

Section 2. Written Complaint. A hearing to determine whether a right or privilege of the Respondent under the Master Declaration or these By-Laws should be suspended or conditioned, or whether a Compliance Assessment should be levied, shall be initiated by the filing of a written Complaint by any Member or by any officer or member of the Board of Directors with the President of the Association or other presiding member of the Board. The Complaint shall constitute a written statement of charges which shall set forth in ordinary and concise language the acts or omissions with which the Respondent is charged, and a reference to the specific provisions of the Master Declaration, these By-Laws or the Board Rules and Regulations which the Respondent is alleged to have violated. A copy of the Complaint shall be delivered to the Respondent in accordance with the notice procedures set forth in the Master Declaration, together with a statement which shall be substantially in the following form:

Unless a written request for a hearing signed by or on behalf of the person named as Respondent in the accompanying Complaint is delivered or mailed to the Board of Directors within fifteen (15) days after the Complaint, the Board of Directors may proceed upon the Complaint without a hearing, and you will have thus waived your right to a hearing. The re-

quest for a hearing may be made by delivering or mailing the enclosed form entitled 'Notice of Defense' to the Board of Directors at the following address: _____

_____.
You may, but need not, be represented by counsel at any or all stages of these proceedings. If you desire the names and addresses of witnesses or an opportunity to inspect any relevant writings or items on file in connection with this matter in the possession, custody or control of the Board of Directors, you may contact _____

_____.
The Respondent shall be entitled to a hearing on the merits of the matter if the Notice of Defense is timely filed with the Board of Directors. The Respondent may file a separate statement by way of mitigation, even if he does not file a Notice of Defense.

Section 3. Notice of Hearing. The Board shall serve a Notice of Hearing, as provided herein, on all parties at least ten (10) days prior to the hearing, if such hearing is requested by the Respondent. The hearing shall be held no sooner than twenty (20) days after the Compliant is mailed or delivered to the Respondent as provided in Section 2 of this Article. The Notice of Hearing shall be in substantially the following form, but may include other information:

"You are hereby notified that a hearing will be held before the Board of Directors of the Sun Lakes Country Club Homeowners

Association at _____

on _____

the hours of _____, regarding the charges made in the Complaint served upon you. You may be present at the hearing; you may, but need not, be represented by counsel; you may present any relevant evidence, and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to request the attendance of witnesses and the production of books, documents or other items by applying to the Board of Directors of the Association."

Section 4. Hearing. The hearing shall be held before the Board in executive session pursuant to the Notice of Hearing affording the Member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of the delivery of the Notice of Hearing shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the Officer or Director who mailed or delivered the notice. The notice requirement shall be deemed satisfied if the Respondent appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. No action against the Respondent arising from the alleged violation shall take effect prior to the expiration of (i) forty-five (45) days after the Member's receipt of the Notice of Hearing, or (ii) thirty (30) days after the hearing required herein.

ARTICLE XIII

AMENDMENTS

Section 1. Amendments to By-Laws. These By-Laws may be amended by the Association by the vote of Delegates representing at least fifty-one percent (51%) of the voting power of the Association; provided that the specified percentage of the Delegates necessary to amend a specific section or provision of these By-Laws shall not be less than the percentage of affirmative votes prescribed for action to be taken under that section or provision; and provided, further, that these By-Laws may be amended by a majority of the entire Board, at any time prior to the close of escrow for the first sale of a Lot or Condominium in the Subject Property to a purchaser from a Declarant or Participating Builder. In addition, so long as there is a Class B membership, any amendment to these By-Laws shall require the approval of the Veterans Administration ("VA"). A draft of the amendment should be submitted to the VA for its approval prior to its approval by the membership of the Association. Notwithstanding the foregoing, the percentage of a quorum of the Members or of the votes of Members, other than the Declarant, necessary to amend a specific provision in these By-Laws shall not be less than the prescribed percentage of affirmative votes required for action to be taken under said provision. The prior written approval of holders of sixty-seven percent (67%) of all first Mortgages on Lots and Condominiums in the Subject Property may be secured before any material amendment to these By-Laws affecting matters delineating in Section 12.04(n) of the Master Declaration may take affect, and this sentence may not be amended without such prior written approval. Notwithstanding the foregoing, if the first Mortgagee receives a written request from the Board to approve a proposed amendment or amendments to the By-Laws, that does not deliberate a negative response to the Board within sixty

(60) days of the mailing of such requests by the Board, such first Mortgagee shall be deemed to have approved the proposed amendment or amendments.

ARTICLE XIV
CORPORATE SEAL

Section 1. Seal. The Association shall have a seal in circular form having within its circumference the words: SUN LAKES COUNTRY CLUB HOMEOWNERS ASSOCIATION.

ARTICLE XV
MISCELLANEOUS

Section 1. Fiscal Year. The fiscal year of the Association shall be determined by the Board, and having been so determined, is subject to change, from time to time, as the Board shall determine.

Section 2. Checks and Drafts. All checks, drafts or other order for payments of money, notes or other evidences of indebtedness issued in the name of or payable to the Association shall be signed or endorsed by the President and Treasurer, or in such manner as, from time to time, shall be determined by resolution of the Board.

Section 3. Execution of Documents. The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association, 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 to render it liable for any purpose or in any amount. The voting power of the Association.

Section 4. Dissolution. Any dissolution of the Association shall require the approval of the Board and the vote or written consent of both: (a) individual Members exercising at

least sixty-seven percent (67%) of the total voting power of the Association residing in Members, other than Declarant, and (b) sixty-seven percent (67%) of the first Mortgagees (based upon one [1] vote for each first Mortgage owned). Upon the winding-up and dissolution of the Association, after paying or adequately providing for the debts and obligations of the Association, the remaining assets shall be distributed to an appropriate public agency or any nonprofit corporation, association or trust, to be used for purposes similar to those for which the Association was created in accordance with the provision of California Corporations Code Section 7110 et seq., as same may be amended from time to time.

Section 5. Conflict. In the case of any conflict between the Articles and these By-Laws, the Articles shall control, and in the case of any conflict between the Master Declaration and these By-Laws, the Master Declaration shall control.

Section 6. Membership Book. The Association shall keep and maintain in its office for its transaction of business a Membership book containing the name and address of each Member. Termination or transfer of any Membership shall be recorded in the book, together with the date on which the Membership ceased or was transferred, in accordance with the provisions of the Master Declaration.

* * *

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of SUN LAKES COUNTRY CLUB HOMEOWNERS ASSOCIATION, a California non-profit, mutual benefit corporation; and

2. That the foregoing By-Laws, comprising of ___ pages, constitute the original By-Laws of said corporation, as duly adopted at the first meeting of the Board of Directors thereof duly held _____, 19__.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said corporation this ___ day of _____, 19__.

SECRETARY
Sun Lakes Country Club Homeowners
Association

**BY-LAWS AMENDMENT
CERTIFIED ON
APRIL 13, 2000**

SUN LAKES COUNTRY CLUB HOMEOWNERS ASSOCIATION

**CERTIFICATE OF AMENDMENT
OF BY-LAWS - FIRST AMENDMENT**

The undersigned certifies that in accordance with Article XIII, Section 1, of the By-Laws of Sun Lakes Country Club Homeowners Association, adopted November 2, 1987, the By-Laws were duly amended by the affirmative vote of Delegates representing at least 51 percent of the voting power of this Association in balloting concluded NOVEMBER 17, 1999. The amendments approved were as follows:

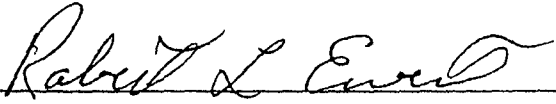
AMENDMENTS

1. The last paragraph of Article V, Section 3, of the By-Laws (Cumulative Voting) was deleted in its entirety; and the second sentence of Article V, Section 5, of the By-Laws (Reverse Cumulative Voting in Recall Elections) was deleted in its entirety, thereby eliminating the provisions for cumulative voting.
2. The last sentence of Article III, Section 7(c), of the By-Laws (Delegate Term of Office) was amended by deletion of "one (1) year" and insertion of "two (2) years", thereby providing for Delegates to serve terms of two years' duration.
3. The second sentence of Article III, Section 7(c), of the By-Laws was amended by deletion of the words shown in ~~strikeout~~ and by insertion of the underlined word "Alternate" as follows:

Members shall have the number of votes as set forth in Article IV of the Master Declaration, and the nominee receiving the greatest number of votes cast for Delegate shall be the Delegate for that Delegate District; and the nominee receiving the ~~second~~ greatest number of votes cast for Alternate Delegate shall be the Alternate Delegate for that Delegate District.

Thereby providing for separate elections of Delegates and Alternate Delegates.

IT IS SO CERTIFIED this 13th day of April, 2000.



Duly Appointed Secretary
Sun Lakes Country Club Homeowners Association



SUN LAKES
Country Club

December 2008

Dear Sun Lakes Country Club Homeowners Association Member:

Attached is a copy of the recorded Fourth Amendment to the Declaration of Covenants, Conditions and Restrictions and Reservation of Easements (CC&Rs) and the Second Amendment of the By-Laws regarding Delegate voting power that was approved by the membership. Your copy of the amendments should be kept with your other governing documents to form a complete set of the Articles of Incorporation, CC&Rs and Bylaws. A complete set of the governing documents must be provided to all successive owners of your Sun Lakes property.

Respectfully,



Jim Evans
President

**BY-LAWS AMENDMENT
CERTIFIED ON
DECEMBER 17, 2008**

Sun Lakes Country Club Homeowners Association

SECOND AMENDMENT OF BY-LAWS

This Second Amendment to the By-Laws of Sun Lakes Country Club Homeowners Association ("Second Amendment") is made by the Sun Lakes Country Club Homeowners Association ("Association").

RECITALS

WHEREAS, Article XIII of the By-Laws dated November 2, 1987 ("By-Laws"), provides that the provisions of the By-Laws may be amended by a majority of the voting power of this Association represented by the Association's Delegates.

WHEREAS, the requisite majority of the total voting power of the Association, cast by and through its Delegates, have cast ballots approving the amendments in the Second Amendment set forth below.

NOW, THEREFORE, the Association hereby adds Sections 9-A and 9-B to Article III of the By-Laws providing as follows:

Section 9-A. Delegate Assembly and its Officers. A Delegate Assembly is established for the purpose of furthering the education of Delegates, facilitating communication within the Association, and promoting the effective operation of the Delegate process, as set forth herein.

The Delegate Assembly shall:

- (a) Elect a Chair and Vice-Chair.

The Chair (or Vice-Chair in the Chair's absence) shall preside at meetings of the Delegate Assembly. The Chair shall appoint the Parliamentarian. The Parliamentarian shall advise the Chair regarding procedural issues that may arise in the conduct of the meetings of the Delegate Assembly.

- (b) Meet from time to time as the Delegates themselves may determine to study and discuss

issues of import to the Association and its membership as a whole.

Delegate Assembly meetings are not Annual or special meetings of the Association at which binding votes are taken.

- (c) Adopt nonbinding resolutions, directed to the Board of the Association, advising the Board of the position of the Delegate Assembly on Association issues.

Any Delegate Assembly vote on such a nonbinding resolution shall require an affirmative vote of Delegates representing not less than a majority of all the Delegate Districts in the Association on the basis of one vote per Delegate.

- (d) Adopt rules for internal conduct of the meetings of the Delegate Assembly by an affirmative vote of Delegates representing not less than a majority of all Delegate Districts in the Association on the basis of one vote per Delegate.

Such internal rules shall in no way affect, modify, expand or alter the role or function of Delegates as prescribed in these Bylaws or the Master Declaration. Such internal rules shall not apply to any area of Association governance or Association operations except the internal conduct of the Delegate Assembly.

- (e) Perform tasks related to Association-Member communications, such as informal opinion polling of the Members, as the Board may, from time to time, request.

Section 9-B. Designated Delegate. If, at any Association meeting at which votes on behalf of the Members of Delegate Districts are to be cast by the Delegates, both the Delegate and the Alternate Delegate of any Delegate District(s) are absent, the Chair of the Delegate Assembly (or the Chair's

substitute as provided below) shall act as the Designated Delegate as follows:

- (a) If the Members of the affected District have instructed their Delegate as to the manner in which the Delegate is to vote on any issue to be voted upon by the Delegates, the Designated Delegate shall cast the voting power of said District in the manner instructed by the Members.
- (b) In the absence of Member voting instructions to the Delegate, the Designated Delegate shall have no authority to cast votes for said District.
- (c) In the absence of the Chair of the Delegate Assembly from any such Association meeting, the next Delegate Assembly officer present shall act as the Designated Delegate in the following order of preference:
 - (i) Vice-Chair of the Delegate Assembly; or
 - (ii) Parliamentarian
- (d) The Designated Delegate's role is limited to representing the voting power of a Delegate District where (i) the Delegate and Alternate Delegate for that District are absent from a meeting of Delegates, and (ii) the Members of the District have previously instructed the Delegate as to the manner in which the Delegate is to vote on any issue to be voted upon by the Delegates. The Designated Delegate has no discretionary authority and he/she shall take no action in that capacity except to cast said District's votes in accordance with the Members' voting instructions.

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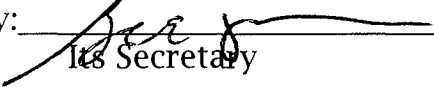
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IN WITNESS WHEREOF, the undersigned Association has hereunto set its hand and seal this 17 day of December, 2008.

SUN LAKES COUNTRY CLUB HOMEOWNERS ASSOCIATION

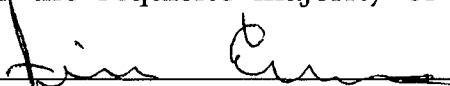
By: 
Its President

By: 
Its Secretary

CERTIFICATE OF PRESIDENT

The undersigned, as the duly appointed President of the Sun Lakes Country Club Homeowners Association, a California nonprofit mutual benefit corporation, hereby certifies that the amendments in the foregoing Second Amendment of By-Laws were duly and properly adopted by its Delegates pursuant to affirmative vote of the requisite majority of the Association's voting power as set forth above.

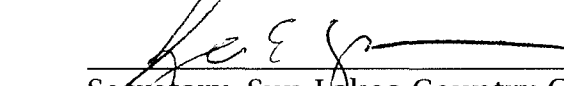
Dated: 12.17.08


President, Sun Lakes Country Club Homeowners Association

CERTIFICATE OF SECRETARY

The undersigned, as the duly appointed Secretary of the Sun Lakes Country Club Homeowners Association, a California nonprofit mutual benefit corporation, hereby certifies that the amendments in the foregoing Second Amendment of By-Laws were duly and properly adopted by its Delegates pursuant to affirmative vote of the requisite majority of the Association's voting power as set forth above.

Dated: 12-17-08


Secretary, Sun Lakes Country Club Homeowners Association

**BY-LAWS AMENDMENT
CERTIFIED ON
JUNE 17, 2009**

Sun Lakes Country Club Homeowners Association

**CERTIFICATE OF AMENDMENT
OF BY-LAWS - THIRD AMENDMENT**

The undersigned certifies that in accordance with Article XIII, Section 1, of the By-Laws of Sun Lakes Country Club Homeowners Association, adopted November 2, 1987, the By-Laws were duly amended by the affirmative vote of Delegates representing at least 51 percent of the voting power of this Association in balloting concluded April 15, 2009. The amendment approved was as follows:

AMENDMENT

Add Section 13 to Article III to By-laws as follows:

Section 13. Delegate Vacancies. Notwithstanding any other provision of these By-laws, vacancies of Delegates or Alternate Delegate caused by any reason, other than the removal of a Delegate or Alternate Delegate by a vote of the Members of his/her Delegate District, shall be filled by Board appointment. Any Board action on filling a Delegate or Alternate Delegate vacancy shall be taken at a duly noticed meeting of the Board; prior to said Board meeting, the Board shall consider recommendations for the position from the Members of the Delegate District and/or recommendations from the Delegate Assembly. Delegates or Alternate Delegates so appointed shall serve for the balance of the term in which they were appointed.

The foregoing shall not apply to filling a Delegate or Alternate Delegate vacancy in a Sub-Association Delegate District where the Sub-Association's governing documents provide for a different method of filling such vacancies.

IT IS SO CERTIFIED this 17 day of July, 2009.


Duly Appointed Secretary (Mike Primate)
Sun Lakes Country Club Homeowners Association