

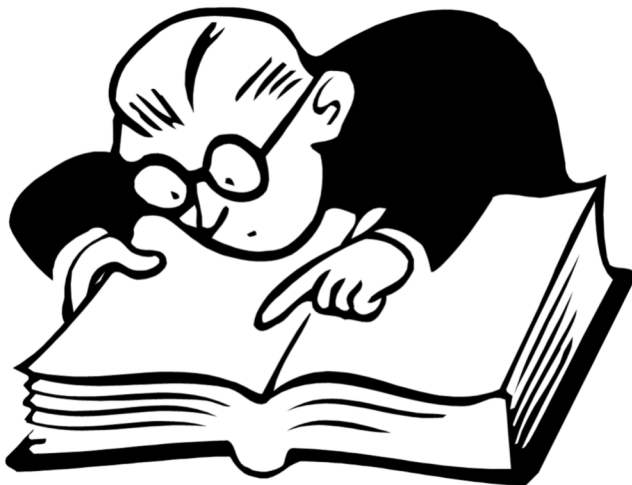
BYLAWS

FOR:

A SENIOR COMMUNITY

OPERATED AS
A NON-PROFIT MUTUAL
BENEFIT CORPORATION

**Desert Crest
Community
Association, Inc.**



For questions and other information
concerning these BYLAWS contact
any Board member of the
Desert Crest Community Association, Inc.

TABLE OF CONTENTS
DESERT CREST COMMUNITY ASSOCIATION
BYLAWS

Table of Contents.....i, ii, iii

<u>Article</u>	<u>Page</u>
I General Plan of Ownership.....	1
1.01 Name.....	1
1.02 Location.....	1
1.03 Application.....	1
1.04 Purpose.....	1
1.05 Membership Requirements.....	2
1.06 Members Responsibilities.....	2
II Voting by Association Membership.....	3
2.01 Voting Rights.....	3
2.02 Majority of a Quorum.....	3
2.03 Quorum.....	3
2.04 Proxies.....	3
2.05 Preparation of Written Ballots.....	4
III Action by the Members.....	5
3.01 Place of Meetings of Members.....	5
3.02 Annual Meeting of Members.....	5
3.03 Special Action by the Members.....	5
3.04 Establishment of Record Date.....	5
3.05 Action Without a Meeting.....	5
3.06 Reduction of Quorum.....	6
3.07 Minutes, Presumption of Notice.....	6
IV Board of Directors.....	7
4.01 Number and Qualifications.....	7
4.02 Election of Directors.....	7
4.03 Nomination of Directors.....	7
4.04 Election Procedure.....	7
4.05 Removal of Directors.....	8
4.06 Grounds for Declaration of Vacancy.....	8
4.07 Vacancies on the Board.....	8
4.08 Organizational Meeting.....	8
4.09 Regular Meetings.....	8
4.10 Special Meetings.....	9
4.11 Quorum.....	9

<u>Article</u>	<u>Page</u>
4.12 Attendance of Meetings.....	9
4.13 Executive Session.....	9
4.14 Emergency Meeting.....	10
4.15 Telephonic Participation.....	10
4.16 Indemnification of Directors, Officers, Committee Members and Employees.....	10
4.17 Records and Minutes of Meetings.....	11
V Powers and Duties of Directors.....	12
5.01 Powers	12
5.02 Limitation on Powers	13
VI Officers and Their Duties.....	14
6.01 Enumeration of Officers.....	14
6.02 Election of Officers.....	14
6.03 Term.....	14
6.04 Special Appointments.....	14
6.05 Resignations and Removal.....	14
6.06 Vacancies.....	14
6.07 Multiple Offices.....	14
6.08 Duties.....	15
VII Miscellaneous.....	16
7.01 Checks, Drafts, Etc.....	16
7.02 Execution of Contracts.....	16
7.03 Inspection of Bylaws.....	16
7.04 Singular/Plural, Masculine/Female.....	16
7.05 Conflicts.....	16
7.06 Parliamentary Authority.....	16
VIII Books and Records.....	17
8.01 Inspection Rights of Members.....	17
8.02 Request for Membership Register.....	17
8.03 Rules for Inspection.....	17
8.04 Rights of Directors.....	17
IX Amendments.....	18
9.01 Vote of Members.....	18
X Definitions.....	19
10.01 Articles of Incorporation.....	19
10.02 Assessment.....	19
10.03 Association.....	19

10.04	Board of Directors.....	19
10.05	Bylaws.....	19
10.06	Corporation.....	19
10.07	Declaration of Restrictions.....	19
10.08	Director.....	19
10.09	Emergency Meeting.....	19
10.10	Executive Session.....	19
10.11	Governing Documents.....	19
10.12	Homeowners.....	20
10.13	Lot.....	20
10.14	Majority of a quorum.....	20
10.15	Member.....	20
10.16	Membership.....	20
10.17	Membership Committee.....	20
10.18	Organizational Meeting.....	20
10.19	Parcel.....	20
10.20	Qualified Permanent Resident.....	20
10.21	Quorum.....	21
10.22	Record date.....	21
10.23	Regular Meeting.....	21
10.24	Senior Development.....	21
10.25	Special Meeting.....	21
10.26	Written Ballot.....	21
	Certification.....	22

Bylaws
Of
Desert Crest Community Association, Inc.
(A Non-profit Mutual Benefit Corporation)

Article I
General Plan of Ownership

1.01 Name.

The name of the Corporation is Desert Crest Community Association, Inc. herein after referred to as the “Association”. The principal office of the corporation shall be located in the County of Riverside, State of California.

1.02 Location.

The project consists of all lots delineated on Tract 2431, Tract 3068, and Tract 4064 located in the County of Riverside, State of California.

1.03 Application.

The provisions of these Bylaws are applicable to the residential development known as Desert Crest Country Club. (“Club”), located near the city of Desert Hot Springs, in the County of Riverside, State of California (“Property” or “Project”). All present and future owners and their tenants, future tenants, employees and any other person who might reside on a lot (“Lot”) within the Property, are subject to the regulations set forth in these Bylaws and in the Declaration of Restrictions for Desert Crest (“Declaration”) recorded in the Official Records of the County of Riverside is applicable to the Property. The mere acquisition or rental of any Lot in the Project or the mere act of occupancy of any Lot will signify that these Bylaws are accepted, ratified and will be complied with.

1.04 Purpose.

The Desert Crest Community Association, Inc. is organized to:

- A) Supervise and encourage the development and improvement of the area and enforce compliance with the requirements of the restrictions now of record or changes properly enacted.
- B) Encourage and promote the general welfare of the homeowners (“Homeowners or Owners”) of the area and shall be operated without expectation of making any profit for its members or paying any dividends.

- C) Meet requirements as outlined in Riverside County Ordinance 348, Section 8.51, Mobile Home Subdivision Standards.

1.05 Membership Requirements.

Membership in this Association shall be required for all Owners of Lots in this development. Only one Membership will be required of Owners that have combined two contiguous Lots into one parcel containing one (1) housing unit. Owners of more than one noncontiguous Lot will require Membership for each Lot. The date of the execution of a contract for the purchase of a Lot in Desert Crest shall control as to the vested ownership, and the issuance of a Membership in the Association shall be simultaneous with the execution of a contract for sale or a deed to each such Lot, providing such buyer has been approved by the Association Membership Committee. Each Membership shall be appurtenant to the land and no Membership may be transferred to any person who has not been approved by the Association.

1.06 Members Responsibilities.

Each Owner of a Lot in Desert Crest, by virtue of being an Owner, and for however long that ownership exists, must be a member of the Association. Each Member is responsible to ensure that all occupants of their Lot for more than sixty days (60) duration per year, meet current requirements of senior development laws, arrange for a meeting with the Association Membership Committee to review their rights, duties, privileges and obligations of residing in Desert Crest. In addition, each Member is responsible for the conduct of their guests, tenants, employees, or other persons that might reside on their Lot. All transfers of real property interests, including percentage interests, shall be recorded with the County of Riverside and a copy of the grant deed be provided to the Association within thirty (30) days.

Article II

Voting by Association Members

2.01 Voting Rights.

All Memberships in good standing on the records of the Association shall be entitled to vote. Each Membership may cast one vote on each matter submitted for a vote of the Members. If a Membership stands of record in the names of two or more persons, their acts with respect to voting shall have the following effect:

- A) If only one votes, such act binds all; or
- B) Multiple Owners shall act unanimously to cast one vote.

2.02 Majority of a Quorum.

Unless otherwise expressly provided in the Articles, these Bylaws or the Declaration, any action that may be taken by the Association may be taken by a majority of a quorum of the Members of the Association. (A majority of members voting when a quorum has been met is defined in §5034 of the California Corporations Code).

2.03 Quorum.

Except as otherwise provided in these Bylaws, the presence in person or by proxy of at least fifty percent plus one (50% + 1) of the voting power of the Membership of the Association shall constitute a quorum of the Membership. 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. (A Majority of the membership entitled to vote is defined in §5033 of the California Corporations Code).

2.04 Proxies.

Every Member entitled to vote or execute consents shall have the right to authorize another person to act as their duly authorized representative for all activities and representations concerning their Membership by filing a Revocable Proxy with the Secretary of the Association. This Proxy authorizes the Proxy Holder to receive all correspondence, including, but not limited to, ballots, annual billing statements, notices of meetings, and attendance at said meetings. To receive written ballots, the authorization or Proxy must be filed with the Secretary of the Association prior to the record date as required in §7611 of the California Corporations Code. A validly executed Proxy that does not state that it is irrevocable shall continue in full force and effect unless (1) revoked by the Member executing it, or (2) written notice of the death or incapacity of the maker of the Proxy is received by the Association before the vote is counted; provided, however, that no Proxy shall be valid after the expiration of eleven (11) months from the date of the Proxy unless otherwise provided in the Proxy, except that the maximum term of any proxy shall not exceed three (3) years from the date of execution.

2.05 Preparation of Written Ballots.

It shall be the duty of the Board to prepare a written ballot and mail to all Members, as directed by resolution of a majority of the Board, not less than thirty-five (35) days nor more than ninety (90) days prior to any election.

Article III

Action by the Members

3.01 Place of Meetings of Members.

Meetings of the Members shall be held in the Project or at a location convenient to the Project. Unless unusual conditions exist, meetings of the Members shall not be held outside the County of Riverside.

3.02 Annual Meeting of Members.

In December of each year, an open meeting of the Members will be scheduled after the Board of Directors of the Association ("Board") meeting for the Board to present a program of planned activities for the following year with an estimate of income and expenditures that will accomplish said program. All Members will be given written notice of the meeting and provided copies of the estimates not less than thirty (30) days nor more than sixty (60) days prior to meeting. Members will be asked to express their views and make necessary recommendation for the Board to consider. In addition, in odd-numbered years, nominations for the Board of Directors ("Director") may be made from the floor for elections to be held in February of the following year. (See Section 4.03)

3.03 Special Action by the Members.

The Board shall, upon receipt of a petition signed by at least five percent (5%) of the total voting power of the Association requesting a meeting, schedule a Town Hall gathering of the Members within forty-five (45) days to discuss any lawful concern, issue and/or idea. All Members will have the opportunity to voice their views on the subject. After adequate discussion, should the petitioners still want to place their matter before the Members, the Board will prepare and mail a written ballot to the Members as outlined in Section 2.05.

3.04 Establishment of Record Date.

The Board may fix, in advance, a date as the record date for the purpose of determining the Members entitled to cast written ballots. Such record date shall not be more than sixty (60) days before the day on which the first written ballot is mailed or solicited. Only Members who are on the records in good standing of the Association on that date is entitled to cast written ballots.

3.05 Use of Written Ballots.

It is the intent of these Bylaws to use a written ballot, in accordance with §7513 of the California Corporations Code, for election of Directors, recall of Directors, and/or any other proposal put before the Members for their determination.

Written ballots shall specify:

- A) The proposed action to be taken, the candidates nominated for office, and provide an opportunity to indicate approval or disapproval of any proposal,
- B) The number of responses needed to meet the quorum requirements,
- C) The percentage of approvals necessary to approve the measure, other than for the election of Directors,
- D) The date by which ballots must be received in order to be counted.

3.06 Reduction of Quorum.

In the event that the number of responses needed to meet the quorum requirements as outlined in Section 2.03 are not met, the Board shall within thirty (30) days, prepare and mail to all eligible members listed on the previous record date, a new ballot of which the quorum requirements will be reduced to twenty-five percent (25%) of the voting power of the Association. No matter may be voted upon except those matters as to which notice was previously given pursuant to Section 3.03 of these Bylaws.

3.07 Minutes, Presumption of Notice.

Minutes or a similar record of the proceedings of meetings of the Members, when signed by the President or Secretary of the Board shall be presumed truthfully to evidence the matters set forth. 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. A copy of the minutes shall be posted in a prominent place or places in the project within ten (10) days of the meeting date.

Article IV

Board of Directors

4.01 Number and Qualifications.

A Board of seven (7) Directors, all of whom must be members of the Association, shall manage the affairs of the Association until the number of Directors is changed by a duly adopted amendment to this Section 4.01 of these Bylaws. Only one Member from each Membership will be entitled to serve on the Board at one time. *All Memberships must be in good standing on the records of the Desert Crest Community Association and the Desert Crest Country Club to be eligible for nomination and/or election to the Board of Directors.*

4.02 Election of Directors.

In February of even-numbered years, the Members shall elect a number of Directors equal to the number of Directors whose terms are expiring. The three candidates receiving the highest number of votes will serve for four (4) years and the remainder will serve for two (2) years. Any Director previously elected to the Board whose term expires in February 2005 will have their term extended until the February 2006 election. Should a tie vote occur between any candidates, the winner shall be decided by lot.

4.03 Nomination of Directors.

Nominations to the Board of Directors shall be made by a Nominating Committee consisting of a chairman, who shall be a member of the Board, and two (2) or more Members of the Association, all of whom shall be appointed by the Board after the election of Directors, to serve from the close of such election until the close of the next election. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. After the Board meeting in December in the year prior to the election of Directors, a special meeting will be called for the purpose of nominating additional candidates from the floor. Upon completion of such nominations, nominations will be deemed closed and no further candidates will be accepted.

4.04 Election Procedure.

Election to the Board of Directors shall be by written ballot, mailed to all Members of record or their authorized representative at the address shown on the Association records. At such election, the Members or their representatives may cast, in respect to each vacancy, as many votes as they are entitled to exercise under provisions of Section 2.01 of these Bylaws.

4.05 Removal of Directors.

Any Director may be removed from the Board, with or without cause, by a majority vote of Association Members when a quorum has been met. (A majority of members voting when a quorum has been met is defined in §5034 of the California Corporations Code.)

4.06 Grounds for Declaration of Vacancy.

If a Director fails to attend two (2) consecutive Board meetings, without prior approval of the majority of the Board, the Board will declare vacant the office of that Director. Vacancies created by this Section 4.06, may be filled by the vote of a majority of the remaining Directors, though less than a quorum. A Director so appointed shall serve until the next regularly scheduled election.

4.07 Vacancies on the Board.

All vacancies on the Board, except removal of a Director by a vote of the Members, may be filled by a vote of a majority of the remaining Directors, though less than a quorum and each Director so appointed shall serve until the next regularly scheduled election. (See Section 4.02) In the event of removal of a Director, the Members shall elect his successor. If the Members shall increase the authorized number of Directors but fail to elect the additional Directors as provided for when such increase is authorized, or in case the Members fail at any time to elect the full number of authorized Directors, a vacancy or vacancies shall be deemed to exist and may be filled by the Board as indicated above. The Members may at any time elect Directors to fill any vacancy not filled by the Directors and may elect the additional Directors by written ballot at the same time that an amendment of the Bylaws is approved, authorizing an increase in the number of Directors. If any Director tenders his resignation to the Board, the Board shall have the power to appoint a successor to take office at such time as the resignation shall become effective. No reduction of the number of Directors shall have the effect of removing any director prior to the expiration of his term of office.

4.08 Organizational Meeting.

Immediately following the election of Directors, a meeting shall be called to elect the Officers of the Association. Prior notice will be waived, and such meeting will be deemed legal, providing a majority of the Board is present. The results of the election and names of new Officers shall be posted at a prominent place or places in the Project within three (3) days.

4.09 Regular Meetings.

Regular meetings of the Board shall be held at such place and hour within the Project (or at a location convenient to the Project) as may be fixed from time to time by resolution of the Board. However, a minimum of six (6) meetings shall be held between October and April each year. Notice of time and place of each meeting shall be posted at a prominent place or places within the Project and shall be

communicated to Directors not less than four (4) days prior to the meeting, if sent by first class mail, or forty-eight hours if delivered personally or by telephone, including voice messaging system or other electronic means; provided however, that notice of a meeting need not be given to any Director who has signed a waiver of notice or written consent to the holding of the meeting. Regular meetings of the Board may be held without notice if the time and place of such meetings are fixed by the Bylaws or the Board. All correspondence handled by the Board, other than communications that are privileged, attorney/client relationship, or sensitive in nature to items covered in Section 4.13 should be read at regular Board meetings. Long or time-consuming correspondence may be condensed or summarized for the presentation.

4.10 Special Meetings.

Special meetings of the Board may be called by written notice signed by the President of the Association, or by any two (2) Directors other than the President, after not less than four (4) days' notice to each Director if sent by first class mail, or forty-eight (48) hours if delivered personally or by telephone, including a voice messaging system or other electronic means. 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 in a manner prescribed for notice of regular meetings not less than seventy-two (72) hours prior to the scheduled time of the meeting; provided, however, that notice of the meeting need not be given to any Director who signed a waiver of notice or a written consent to holding of the meeting.

4.11 Quorum.

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

4.12 Attendance of Meetings.

Regular and Special meetings of the Board shall be open to all Members; provided, however, that Members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the President or a vote of a majority of a quorum of the Board. However, after each board meeting is adjourned, time must be made available for Members to ask questions, express their concerns and/or make recommendations to the Board.

4.13 Executive Session.

The Board may, with the approval of a majority of a quorum of its Directors, adjourn a meeting and reconvene in Executive Session to discuss and vote on 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. If an Executive Session

is required between scheduled Board meetings it may be called by the President or by the request of two members of the Board. Minutes of the meeting shall only include any voted actions and the tabulation of the vote by numbers, not names of the Directors. Those actions shall be read into the minutes of the next Board meeting that is open to the public. If meeting notice requirements cannot be met, each Director should sign a waiver of consent to hold the meeting and such waivers of consent shall be attached to the minutes of the meeting

4.14 Emergency Meeting.

Any action of the Board that requires immediate attention and in which adequate time is not available to meet the notice of meeting requirements will be considered an ("Emergency Meeting"). All Directors should sign a waiver or consent to holding of the meeting and such waivers or consents shall be attached to the minutes of the meeting. The Board shall give an explanation of any action taken to the Members within three (3) days after all written consents have been obtained. This explanation shall be given by posting on the bulletin boards. In addition, the explanation will be read into the minutes of the next Board meeting that is open to the public.

4.15 Telephonic Participation.

Directors may participate in all meetings of the Board through use of conference telephone or similar communications equipment, as long as all members participating in such meeting can hear one another. Participating in meetings pursuant to this Section 4.15 constitutes presence in person at such meeting.

4.16 Indemnification of Directors, Officers, Committee Members, and Employees.

The Association may, to the maximum extent permitted by §7237 of the California Corporations Code, reimburse, indemnify and hold harmless each present and future Director, Officer, Committee Member and Employee of the Association and each person who, at the request of the Association, acts as a Director, Officer, Committee Member or Employee of any other corporation in which the Association has an interest, from and against all loss, cost, liability and expense which may be imposed upon or reasonably incurred by him, including reasonable settlement payments, in connection with any threatened, pending or completed claim, action, suit or proceeding, made or instituted, in which he may be involved or be made a party by reason of his being or having been a Director, Officer, Committee Member or Employee of the Association or such other corporation, or by reason of any action alleged to have been taken or omitted by him in such capacity. The right of indemnification provided in this Section shall inure to each person referred to in this Section, whether or not the claim asserted against him is based on matters that arose in whole or in part prior to the adoption of this Section and in the event of his death shall extend to his legal representatives.

4.17 Records and Minutes of Meetings.

The Board shall cause to be kept a complete record of all its acts and corporate affairs. Minutes must be kept of all meetings of the Board and shall be available for review by the Members as outlined in Section 8.01, except minutes of Executive Sessions. Minimum requirements for minutes are: (a) Type of meeting; regular Board, special Board, emergency, etc. (b) Meeting was properly noticed or waivers attached; (c) Date, time, and place of meeting; (d) Name of assembly; (e) Summary of correspondence with action taken; (f) Name of Chairman; (g) Action taken on previous minutes; (h) Name of motion maker, note if seconded, list the motion, and disposition of all main motions; (i) Time of adjournment; (j) Signature of Secretary and/or President. Minutes shall be posted within ten (10) days at same locations as required for notice of meetings. Signed copies of all minutes will be kept in the Corporate Record book at the Association's office.

Article V

Powers and Duties of Directors

5.01 Powers.

Subject to limitations contained in the Articles, the Declaration, these Bylaws and the California Corporations Code as to actions to be authorized or approved by the Members, and subject to the duties of the Directors as prescribed by these Bylaws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Association shall be controlled by, the Board. Without prejudice to such general powers but subject to the same limitations, the Board is vested with and shall have the following powers:

- A) Enforcement of applicable provisions of the Declaration, Articles, Bylaws, Rules and Regulations, and other instruments for the ownership, management and control of the Association.
- B) Contracting for casualty, liability (including Directors and Officers) and other insurance on behalf of the Association.
- C) Contracting for goods and/or services for the Association, subject to the limitations set forth below.
- D) Delegation of its powers to Committee Members, officers or employees of the Association as expressly authorized by the Governing Documents.
- E) After presentation at an open meeting of the Board, where Members may voice their opinions, establish rules and regulations for conduct of Members, and requirements for maintenance of their property, including fees and fines, as provided in the Governing Documents.
- F) Initiation and execution of disciplinary proceedings against Members of the Association for violations of provisions of the Governing Documents, as set forth below:
 - 1. The Board may impose reimbursement assessments, fines, temporary suspensions of an Homeowner's rights as a Member, or other appropriate discipline for failure to comply with the Governing Documents, provided that procedures for notice and hearing, satisfying the minimum requirements of §7341 of the California Corporations Code, are followed with respect to the accused Member before a decision to impose discipline is reached.
 - 2. A reimbursement assessment imposed by the Association as a disciplinary measure for the failure of a Member to comply with the Governing Documents, or as a means of reimbursing the Association for costs incurred by the Association in bringing the Member and/or his Lot into compliance with the Governing Documents shall, if not paid within thirty-(30) days of the date the notice was mailed to the Homeowner, become a lien against the

Homeowner's Lot, subject to foreclosure in the same manner as provided for foreclosure of deeds of trust under the laws of the State of California. (California Civil Code § 2924)

- G) Entering into any Lots as necessary in connection with construction, maintenance or emergency repairs for the benefit of all of the Owners.
- H) Election of Officers of the Association.
- I) Filling of vacancies on the Board, except for a vacancy created by the removal of a Director by the Members. (See Section 4.07)
- J) Not less than thirty (30) days nor more than sixty (60) days prior to the annual meeting of the Members in December, the Board will:
 - 1. Submit an estimate of the total amount required to fund the next fiscal years program to the Members. The assessment cannot exceed twenty percent (20%) of the previous year's assessment.
 - 2. Schedule an open meeting of the Membership and after hearing input from the Members, approve, invoice, and collect assessments. In case of unforeseen requirements, the Board is authorized to increase the assessment up to twenty percent (20%) of the current annual assessment. If additional funds are required, it must be presented by ballot to the Members for approval by a majority of a quorum.
- K) Maintain a set of books for the Association using generally accepted accounting principles. Obtain and submit to the Members, at least annually, an independent review of such books.
- L) Establish and collect transfer fees from new Members to cover administrative fees, costs of providing Governing Documents, and other expenses associated with their Membership.

5.02 Limitations on Powers.

The Board of the Association shall ordinarily be prohibited from taking any of the following actions, except with the vote or written assent of a majority of the voting power of the Association:

- A) Entering into a contract with a third person under which the third person will furnish goods or services to the Association for a term longer than one (1) year.
- B) The purchasing, mortgaging, or leasing of real property.
- C) Paying compensation to Members of the Board, Officers, and Committee Members of the Association for services performed in the conduct of the Association's business. However, the Board may cause Directors, Committee Members, Employees and/or other Members to be reimbursed for reasonable expenses incurred in carrying on the business of the Association.

Article VI

Officers and Their Duties

6.01 Enumeration of Officers.

The Officers of the Association shall be a President, Vice-President, Secretary and/or Treasurer who shall at all times be Members of the Board and such other officers as the Board may from time to time establish. (See Section 6.04)

6.02 Election of Officers.

The election of Officers shall take place at the first meeting of the Board following each election of Directors by the Members. (See Section 4.08)

6.03 Term.

The Board shall elect the Officers of the Association biennially, and each shall hold office for two (2) years unless he shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

6.04 Special Appointments.

The Board may elect such other Officers 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.

6.05 Resignation and Removal.

Any Officer may be removed from office with or without cause by a majority vote 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 any later time specified in the notice, and unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective.

6.06 Vacancies.

A vacancy in any office may be filled in the manner prescribed for regular election. The Officer elected to such vacancy shall serve for the remainder of the term of the Officer he replaces.

6.07 Multiple Offices.

No person shall simultaneously hold more than one office, except in the case of Secretary and Treasurer or other special offices created pursuant to Section 6.04.

6.08 Duties.

The duties of the Officers shall be as follows:

A) President:

The President shall preside at all meetings of the Board and at all meetings of the Members; shall implement the orders and resolutions of the Board; shall sign all leases, mortgages, deeds and other written instruments; and shall sign all promissory notes of the Association.

B) Vice-President:

The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

C) Secretary:

The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep the corporate seal of the Association and affix it to all papers requiring such seal; keep, or cause to be kept, appropriate current records showing the Member's names together with their addresses; and shall perform such other duties as may be required by the Board.

D) Treasurer:

The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board; shall sign all promissory notes of the Association; and keep proper books of account. The Treasurer may delegate the foregoing duties (except the duty to affix his signature to documents) to any person adequately covered by a fidelity bond unless expressly prohibited by the Board.

Article VII

Miscellaneous

7.01 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 by the Association, shall be signed or endorsed by two (2) such Officers and in such manner as, from time to time, shall be determined by resolution of the Board.

7.02 Execution of Contracts.

The Board, except as otherwise provided in the Bylaws, may authorize any Officer or Officers, Committee Member or Employee, to enter into any contract or execute any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board, no Officer, Committee Member 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 for any amount.

7.03 Inspection of Bylaws.

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

7.04 Singular/Plural, Masculine/Feminine.

Wherever the context of these Bylaws requires, the singular shall include the plural, and the masculine shall include the feminine and the neuter.

7.05 Conflicts.

In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of a conflict between the Declaration and the Bylaws, the Declaration shall control. Should any of these Bylaws conflict with any provision of the laws of the State of California, such conflicting Bylaw shall be null and void upon final court determination to such effect, but all other Bylaws shall remain in full force and effect. If any acts are not covered by these Bylaws, then the California Corporations Code governing Non-Profit Mutual Benefit Corporations and applicable provisions of the California Civil Code shall govern.

7.06 Parliamentary Authority.

The rules contained in Roberts Rules of Order Revised shall govern the Association in all matters to which it is applicable and not inconsistent with Federal, State or County Law, the Articles, or these Bylaws.

Article VIII

Books and Records

8.01 Inspection Rights of Members.

Books of account, records, papers, minutes of meetings of the Members, of the Board, and of committees of the Board, shall at all times, during reasonable business hours, be subject to inspection by a Member or his duly appointed representative, and to the first mortgagee of any Lot, at any reasonable time and for a purpose reasonably related to his interest as a Member or first mortgagee, at the office of the Association or at such other place within the Property as the Board shall prescribe.

8.02 Request for Membership Register.

In the event that any Member makes a proper request to inspect and copy the record of all the Members names, addresses and voting rights, or for a list of names, addresses and voting rights of those Members entitled to vote for election of Directors, the Association may, pursuant to California Corporations Code §8330(c), deliver to the Member making the demand a written offer of an alternative method of achieving the purpose identified in the demand without providing access to or a copy of the Membership list. An alternative method would consist of the Member's delivering to the office of the Association, sealed envelopes, with the proper postage affixed, containing the Member's communication to the Members, blank address labels approved by the Association, and the Association then printing and affixing mailing labels to the envelopes and mailing the envelopes to all Members. The Association must make the offer of an alternative method of achieving the purpose of the demand within ten (10) business days after receiving the demand.

8.03 Rules for Inspection.

The Board of Directors shall establish reasonable rules with respect to the following:

- 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;
- C) Payment of the cost of reproducing copies of documents requested by a Member.

8.04 Rights of 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 IX

Amendments

9.01 Vote of Members

- A) These Bylaws may be amended or repealed only by the vote or written assent of Members entitled to exercise a majority of the voting power of the Association. (50% plus 1 vote of the total eligible members) as indicated in California Corporations Code §5033.
- B) Notwithstanding subsection (a) above, the percentage of the voting power of the Association necessary to amend a specific clause or provision of these Bylaws shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause or provision.

Article X

Definitions

- 10.01 “Articles of Incorporation”** is a certificate issued by the California Secretary of State, establishing the name, purpose, initial directors, tax-exempt status and other requirements for a California corporation.
- 10.02 “Assessment”** means any Regular or Special Assessment made or assessed by the Association against an Owner and his Lot in accordance with the provisions of Article III of the Declarations.
- 10.03 “Association”** means Desert Crest Community Association, Inc., a California nonprofit mutual benefit corporation (formed pursuant to the Nonprofit Mutual Benefit Corporation Law of the State of California), its successors and assigns.
- 10.04 “Board of Directors” or “Board”** means the Board of Directors of the Association.
- 10.05 “Bylaws”** means this document that has been approved by a majority of Association Members entitled to vote.
- 10.06 “Corporation”** means Desert Crest Community Association, Inc.
- 10.07 “Declaration of Restrictions” or “Declaration”** means a document approved by the Members and recorded in the County of Riverside on July 12, 2002 that establishes conditions, covenants, and Restrictions upon all lots in Tract 2431, Tract 3068, and Tract 4064 that run with the land.
- 10.08 “Director”** means a member of the Board of Directors of the Desert Crest Community Association, Inc.
- 10.09 “Emergency Meeting”** is a meeting required to be held because immediate action must be taken.
- 10.10 “Executive Session”** is a meeting that is held to discuss and take action on confidential business such as, Member discipline, personnel matters, litigation in which the Association is or may become involved.
- 10.11 “Governing Documents”** is a collective term that means and refers to the Declaration, the Articles, the Bylaws and the Association Rules. **“Articles”** means the Articles of Incorporation of Desert Crest Community Association, Inc., which are filed in the Office of the California Secretary of State. **“Bylaws”** mean the Bylaws of the Association. **“Association Rules”** means the rules, regulations and policies adopted by the Board of Directors of the Association, pursuant to subdivision 2.01 (a) and Section 7.02 of the Declaration, as the same may be in effect from time to time.

- 10.12 “Homeowners” or “Owners”** means any person, firm, corporation or other entity that owns a fee simple interest in any Lot. The term “Owner” includes, except where the context otherwise requires, the family, guests, tenants and invitees of an Owner.
- 10.13 “Lot”** means any parcel of real property designated by a number on the tract map for any portion of the Project. When appropriate within the context of this Declaration, the term “Lot” shall also include the coach and other improvements constructed or to be constructed on a Lot.
- 10.14 “Majority of a quorum”** means a majority of votes represented and voting at a duly held meeting at which a quorum is present, California Corporations Code §5034.
- 10.15 “Member”** means every person or entity who holds a Membership in the Association and whose rights as a Member are not suspended pursuant to Section 9.06 of the Declaration. All Owners must hold a membership in the Association. The Club is a Member of the Association.
- 10.16 “Membership”** is used to distinguish the contractual arrangement between every Lot and Parcel owner and the Association. One Owner may own more than one Lot and must maintain a membership for each Lot. One Owner may own two contiguous lots and combine into one Parcel and maintain one Membership. Each Membership has one vote and pays one Assessment.
- 10.17 “Membership Committee”** is a committee appointed by the Board that meets with all prospective Members and provides them with a copy of the Governing Documents. Together they review the rights, duties, privileges, and obligations of Membership in the Association. In addition, the prospective Member prepares the application for Membership and provides necessary documentation of potential occupants to meet senior housing laws.
- 10.18 “Organizational Meeting”** is a meeting of the Board held after each election of Directors for the new Board to elect the Officers of the Board.
- 10.19 “Parcel”** means any two contiguous Lots owned by the same Owners that have been combined with the approval of the Association and the County of Riverside for the placement of one housing unit. The payment of only one assessment will be required of the owner to the Association.
- 10.20 “Qualified Permanent Resident”** means and refers to a person who meets **both** of the following requirements: (1) was residing with the Senior Citizen prior to the death, hospitalization, or other prolonged absence of, or the dissolution of marriage with, the Senior Citizen; and (2) was 45 years of age or older, or was a spouse, cohabitant, or person providing primary physical or economic support to the Senior Citizen. **“Qualified Permanent Resident”** shall also mean and refer to a disabled person or person with a disabling illness or injury who is a child or grandchild of the Senior Citizen or a Qualified Permanent Resident as defined above, who needs to live

with the Senior Citizen or Qualified Permanent Resident because of the disabling condition, illness, or injury. For purposes of this section, “disabled” means a person who has a disability as defined in Civil Code Section 54(b). A “disabling injury or illness” means an illness or injury that results in a condition meeting the definition of disability in Civil Code Section 54(b). For any person who is a Qualified Permanent Resident under this subsection, whose disabling condition ends, such person must cease residing in the Project upon receipt of six (6) months’ written notice from the Board of Directors. The Board of Directors may allow any such person to remain a resident of the Project for up to one (1) year after the disabling condition ends, and the Association receives notice of the end of such condition.

- 10.21 “Quorum”** is the minimal number of Directors or Members present or Written ballots received to legally transact business.
- 10.22 “Record date”** is the date established by the Board that all Members in good standing on that date would be eligible to vote in the scheduled election and will be mailed ballots.
- 10.23 “Regular Meeting”** means one of six (6) required Board Meetings to be held between October and April each year.
- 10.24 “Senior Development”** means that all Lots must be occupied by a least one person that is fifty-five (55) years old and any additional occupants must be at least forty-five (45) years old or meet the requirements for a Qualified Permanent Resident. Guests not meeting these requirements are currently allowed to visit no more than sixty (60) days per year.
- 10.25 “Special Meeting”** is an unscheduled meeting that is required for a special purpose that must be indicated in the notice.
- 10.26 “Written Ballot”** is a means by which the Corporation may conduct a Member vote without holding an actual meeting of the Membership by mailing a ballot to every Member entitled to vote, pursuant to California Corporations Code §7513.

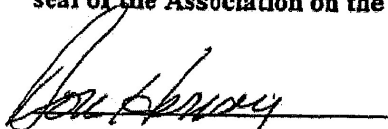
Certification

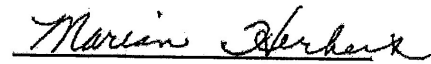
We, the undersigned, do hereby certify:

That we are the duly elected President and Secretary, respectively, of the Desert Crest Community Association, Inc., a California Non Profit, Mutual Benefit Corporation.

That the foregoing Bylaws constitute the amended Bylaws of the Desert Crest Association, as duly adopted by a vote of the Membership held on the 5th day of June 2003.

In WITNESS WHEREOF, we have subscribed our names and affixed the seal of the Association on the 10th day of June 2003.


Don Henry, President


Marian Herbert, Secretary

