BYLAWS OF
THE RESIDENCE CLUB AT NAKOMA

ARTICLE I.
GENERAL PROVISIONS

Section 1.1 Name. The name of the association is The Residence Club at Nakoma ("Residence Club Association"). The principal office of the Residence Club Association shall be at such place in the County of Plumas as the Board of Directors may designate from time to time.

Section 1.2 Definitions. Unless expressly indicated to the contrary, the terms used herein shall have the following meanings:

(a) Residence Club Declaration. That certain Declaration of Covenants, Conditions and Restrictions (The Residence Club at Nakoma), recorded _____, 201__, as Instrument No. _____, in the Office of the County Recorder of Plumas County, and all amendments thereto (the "Residence Club Declaration").

(b) Additional Terms. The balance of the terms defined in the Residence Club Declaration shall have the same meaning when used in these Bylaws as when used in the Residence Club Declaration.

Section 1.3 Purpose. The Residence Club Association has been formed for the purpose of exercising the powers and performing the duties of the Residence Club Association set forth in these Bylaws, the Articles of Incorporation of the Residence Club Association and the Residence Club Declaration.

ARTICLE II.
MEMBERSHIP AND VOTING RIGHTS

Section 2.1 Qualifications. Each Owner of a Membership shall be a Member of the Residence Club Association. If a Membership is owned by more than one (1) Owner, all such Owners shall be members of the Residence Club Association; provided, however, that for the purposes of the representation of such Membership with regard to the affairs of the Residence Club Association and the voting of the Members of the Residence Club Association, such Membership, except as provided in Section 2.3, below, shall be represented by and entitled to the voting power for each Membership set forth in the Residence Club Declaration, which shall be exercised as a block and cast in accordance with the provisions of these Bylaws.

Section 2.2 Voting Rights. The Residence Club Association shall have three (3) classes of voting membership, the rights of which are set forth in Section 3.3 of the Residence Club Declaration.

Whenever these Bylaws, the Residence Club Declaration or the Articles require the vote, assent or presence of a stated number of Owners or Members entitled to vote on a matter or at a

meeting with regard to the taking of any action or any other matter whatsoever, the provisions of this Article II and Section 4.3, below, shall govern as to the total number of available votes, the number of votes a Member is entitled to cast at the meeting, and the manner in which the vote attributable to a Membership having more than one (1) Owner shall be cast.

Section 2.3 Joint Owner Disputes. The vote, or votes, for each Membership may be cast only as a unit, and fractional votes shall not be allowed. In the event that joint owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Owner or Owners cast a vote representing a certain Membership, it will thereafter be conclusively presumed for all purposes that he or they were acting with the authority and consent of all other Owners of the same Membership.

Section 2.4 Members' Rights and Duties. Each Member shall have the rights, duties and obligations set forth in these Bylaws, the Articles and the Residence Club Declaration, as the same may be amended from time to time.

ARTICLE III.
MEMBERSHIP ASSESSMENTS AND LIEN RIGHTS

Section 3.1 Membership Assessments. Assessments and Personal Charges provided for in the Residence Club Declaration, together with all other assessments of the Members provided for in the Residence Club Declaration shall be paid by the Members at the time, in the manner and subject to the conditions and limitations set forth in the Residence Club Declaration, and the Board shall fix, levy, collect and enforce such assessments at the time, in the manner and subject to the limitations set forth in the Residence Club Declaration.

Section 3.2 Enforcement; Lien Rights. For the purpose of enforcing and collecting assessments, this Residence Club Association shall have the lien rights set forth in the Residence Club Declaration, which lien rights shall be enforceable by the Board in the manner set forth in the Residence Club Declaration. The Board shall also have and be entitled to exercise all other rights and remedies set forth in the Residence Club Declaration or otherwise provided for at law or in equity.

ARTICLE IV.
MEMBERSHIP RIGHTS AND PRIVILEGES

Section 4.1 Rights and Privileges of Members. No Member shall have the right, without the prior approval of the Board, to exercise any of the powers or to perform any of the acts delegated to the Board by these Bylaws or the Residence Club Declaration. Each Member shall have all of the rights and privileges granted to the Members by these Bylaws and the Residence Club Declaration subject to such limitations as may be imposed in accordance therewith.

Section 4.2 Rules. Upon notice and hearing, the Board may establish such rules, regulations and prerequisite conditions to the use of the Common Area and the facilities thereon as it, in its sole discretion, deems appropriate, so long only as such rules, regulations and

conditions do not materially abridge the rights of Members set forth in the Residence Club Declaration. Upon notice and hearing, the Board may establish rules, regulations, fees for and prerequisite conditions to the use of the Common Area and facilities thereon by persons who are neither Members nor Members' guests. Upon notice and hearing the Board may determine whether admission and/or other fees shall be charged for the use of any recreational facilities situated upon the Common Area; provided, however, that if such fees are to be charged to Members, no such fees shall be imposed without the vote or written assent of two-thirds (2/3) of "Non-Declarant Net Total Votes" (as defined in Section 5.7, below). Any such admission or other fees (as distinguished from assessments) shall apply equally to all Members of the Residence Club Association and to their spouses or children living with such Member, (but need not be the same as such fees for persons who are neither Members or Members' guests) and shall be used first by the Residence Club Association for expenses of maintenance, repair and operation of any recreation facility the use of which is subject to an admission or other fee set by the Board, until all monies derived from such admissions and fees have been expended therefor. All rules and regulations adopted pursuant to this Section 4.2 and pursuant to the Residence Club Declaration shall hereinafter be referred to as the "Rules and Regulations."

Section 4.3 Suspension of Voting Rights; Imposition of Monetary Penalties. After the meeting of the Board as provided below, the Board shall have the right to suspend rights of use and/or the voting rights of any Member or Members for the period during which any Assessment owed by such Member remains unpaid and delinquent. The Board shall also have the right to suspend such voting rights for a period not to exceed ninety (90) days and to impose monetary penalties for any other failure to comply with the Residence Club Declaration or the Residence Club Association Rules by any Member, his servants, guests, tenants, invitees or the Members of his family; provided that any suspension of voting rights shall be made or monetary penalties imposed by the Board only after a meeting of the Board, at which a quorum of the Board is present, duly called and held for such purpose in the same manner as provided in these Bylaws for the noticing, calling and holding of a special meeting of the Board. Written notice of such meeting, including notice of the proposed actions of the Board and the reasons therefor, shall be given at least fifteen (15) days prior to the holding of such meeting to the Member whose voting rights are being sought to be suspended or against whom monetary penalties are sought to be imposed. Such notice shall be given either by personal delivery or deposited in the United States mail, certified or registered, postage and fees prepaid, return receipt requested, addressed to such Member at the address given to the Residence Club Association by him for the purpose of giving notice. Such notice, if mailed, shall be deemed given and received twenty-four (24) hours after being so deposited in the United States mail. The Member whose voting rights are being sought to be suspended or against whom monetary penalties are sought to be imposed shall be entitled to appear at such meeting and present his case as to why voting rights should not be suspended or such monetary penalties should not be imposed. The decision as to whether such rights should be suspended or such monetary penalties should be imposed shall be made by a majority of the members of the Board present at such meeting and shall be binding upon all Members. No action taken at such meeting shall be effective unless a quorum of the Board is present. No suspension of voting rights or imposition of monetary penalties shall be effective unless and until written notice has been given to the Member of the suspension, the reason(s) therefor and the length thereof, and five (5) days have elapsed since the date upon which such action was taken.

ARTICLE V.
MEETINGS OF MEMBERS

Section 5.1 Place of Meeting. All meetings of the Members shall be held within the Project or as close thereto as may be practical.

Section 5.2 Annual Meetings of Members. The annual meetings of Members shall be held each year in the same month in which the organization meeting as hereinafter provided for was held commencing with the year immediately following the year during which the organization meeting as hereinafter provided for is held. An organization meeting shall be held within three hundred sixty-five (365) days following the initial sale and conveyance by the Declarant of a Membership . At the organization meeting, and at all subsequent annual meetings there shall be elected by secret written ballot of the Members a Board of Directors in accordance with the requirements of these Bylaws. The Members may also transact such other business of the Residence Club Association as may properly come before them at such organization or annual meeting.

Written notice of both the organization meeting and each annual meeting shall be given to each Member by the Secretary or, in the case of the organization meeting only, by the Declarant, in the manner hereinafter provided. All such notices of any organization or annual meeting shall be sent to each Member not less than thirty (30) days and not more than ninety (90) days before such meeting, and shall specify the place, the day and the hour of such meeting and shall generally state those matters which the Board, at the time of mailing of the notice intends to present for action by the Members (but any proper matter may be presented for action at such meeting). The notice of any meeting at which directors are to be elected shall include the names, addresses and brief biographical sketches of those who are nominees at the time the notice is sent to Members.

Section 5.3 Special Meetings. Special meetings of Members, for any purpose or purposes whatsoever, may be called at any time by a majority of the Board or by Members representing ten percent (10%) or more of the total voting power of all Members other than Declarant; provided that no special meeting may be held or called prior to the organization meeting. Except in special cases where other express provision is made by statute, these Bylaws or the Residence Club Declaration, notice of such special meetings shall be given in the same manner as for annual meetings and may be given by any person or persons entitled to call such meeting. Notices of any special meetings shall specify in addition to the place, day and hour of such meeting, and the general nature of the business to be transacted (and no other business may be transacted).

If a special meeting is called by Members, the request shall be submitted by such Members in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the President, any Vice-President or the Secretary of the Residence Club Association. The officer receiving the request shall cause notice to be promptly given to the Members entitled to vote, that a meeting will be held, and the date for such meeting, which date shall be not less than thirty (30) nor more than ninety (90) days following the receipt of the

request. If the notice is not given within twenty (20) days after receipt of the request, the persons requesting the meeting may give the notice.

Section 5.4 Notice of Certain Agenda Items. If action is proposed to be taken at any meeting for approval of any of the following proposals, the notice shall also state the general nature of the proposal. Member action on such items is invalid unless the notice or written waiver of notice states the general nature of the proposal(s):

(i) Removing a director without cause;

(ii) Filling vacancies on the Board by the Members;

(iii) Amending the Articles;

(iv) Approving a contract or transaction in which a director has a material financial interest;

(v) Approving a plan of distribution of assets, other than cash, in liquidation when the Residence Club Association has more than one (1) class of memberships outstanding;

(vi) Approving any budget which increases the Members' obligations to the Residence Club Association.

If the action proposed to be taken is the removal of the entire Board of Directors, the notice shall also specify that a replacement Board of Directors shall be elected at the same meeting from nominees who will be nominated by those present at the meeting and the notice shall conspicuously advise those interested in making nominations to be present at the meeting either in person or by proxy.

Section 5.5 Manner of Giving Notice. Notice of any meeting of the Members shall be given either personally or by mail or other written communication, charges prepaid, addressed to each Member at the address given by the Member to the Residence Club Association for the purpose of notice. If no address appears on the Residence Club Association's books and no other has been given, notice shall be deemed to have been given if either (i) notice is sent to that Member by mail or other written communication to the Residence Club Association's principal executive office, or (ii) notice is published at least once in a newspaper of general circulation in the county where that office is located. Notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by telegram or other means of written communication. An affidavit of the mailing or other means of giving any notice of any Members' meeting may be executed by the Secretary, Assistant Secretary, or any other party of the Residence Club Association giving the notice, and if so executed, shall be filed and maintained in the minute book of the Residence Club Association.

Section 5.6 Adjourned Meetings and Notices Thereof. Any membership meeting, organization, annual or special, whether or not a quorum is present, may be adjourned from time to time by the affirmative vote of a majority of the votes entitled to be cast and represented at such meeting in person or by proxy, but in the absence of a quorum, no other business may be

transacted at any such meeting unless these Bylaws or the Residence Club Declaration otherwise provides.

When any membership meeting, either organizational, annual or special, is adjourned for thirty (30) days or more, notice of the reconvening of the adjourned meeting shall be given as in the case of the original meeting so adjourned. Except as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting, other than by an announcement at the meeting at which such adjournment is taken.

Section 5.7 Quorum.

(a) Definitions. For purposes of this Section 5.7, the following terms shall have the following meanings:

(i) "Net Total Votes" means that number of votes which is equal to the difference between the total number of votes in the Residence Club Association and the number of votes as to which voting rights are suspended at the time of the subject meeting in accordance with these Bylaws.

(ii) "Non-Declarant Net Total Votes" means that number of votes which is equal to the difference between the total number of votes in the Residence Club Association of Members other than Declarant and the number of votes of Members other than Declarant as to which voting rights are suspended at the time of the subject meeting in accordance with these Bylaws.

(b) Quorum. The presence either in person or by proxy at a Members' meeting of Members other than Declarant representing and entitled to cast at least fifteen percent (15%) of the Non-Declarant Net Total Votes shall constitute a quorum for any action by the Members, unless a different requirement is imposed by these Bylaws, the Articles or the Residence Club Declaration. A majority of the Net Total Votes present at a meeting at which a quorum is present shall prevail at such meetings, unless a different percentage is required by these Bylaws, the Articles or the Residence Club Declaration. Subject to the provisions of this Section 5.7 and unless otherwise expressly authorized by these Bylaws or the Residence Club Declaration, all action required or permitted to be taken by the Members may be taken only at a duly called and properly noticed organization, annual or special meeting at which a quorum is present. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members so that less than a quorum is present if any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum; provided, however, that if less than one-third (1/3) of the total voting power of the Residence Club Association is in attendance, in person or by proxy, only those matters of business, the general nature of which was given in the notice of the meeting, may be voted upon by the Members. If any meeting cannot be held because a quorum is not present, a majority of the Members present either in person or by proxy and entitled to vote, may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called.

Section 5.8 Consent of Absentees. The transactions of any meeting of Members, either organization, annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the Members entitled to vote and not present in person or by proxy, signs a written waiver of notice, or a consent of the holding of such meeting, or an approval of the minutes thereof. The waiver of notice or consent need not specify either the business to be transacted or the purpose of any annual or special meeting of Members, except that if action is taken or proposed to be taken for approval of any of the matters specified in Section 5.4, above, the waiver of notice or consent shall state the general nature of the proposal. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 5.9 Waiver by Attendance. Attendance by a person at a meeting shall also constitute a waiver of notice of that meeting, except when the person objects at the beginning of the meeting to the transaction of any business due to the inadequacy or illegality of the notice. Also, attendance at a meeting is not a waiver of any right to object to the consideration of matters not included in the notice of the meeting, if that objection is expressly made at the meeting.

Section 5.10 Action without Meeting. Any action, other than the election of directors, which under the provisions of the California Nonprofit Mutual Benefit Corporation Law may be taken at a meeting of the Members, may be taken without a meeting and without prior notice if (a) the written ballot is distributed to every Member entitled to vote and providing an opportunity to specify approval or disapproval of each order of business proposed to be acted upon by the Residence Club Association, (b) the required number of signed approvals in writing, setting forth the action so taken, is received, (c) the number of ballots cast within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and (d) the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of ballots cast.

Ballots shall be solicited in a manner consistent with the requirements of the California Nonprofit Mutual Benefit Corporation Law. All such solicitations shall indicate the number of responses needed to meet the quorum requirement and with respect to ballots other than for the election of directors, shall state the percentage of approvals necessary to pass the measure submitted. The solicitation must specify the time by which the ballot must be received in order to be counted and that a ballot received within the specified time will be cast in accordance with the choice(s) specified by the Member casting the ballot.

Subject to the applicable provisions of the California Nonprofit Mutual Benefit Corporation Law, any Member casting a ballot, or the proxyholders of a Member or a transferee of a membership or a personal representative of the Member or their respective proxyholders, may revoke the ballot, or substitute another, by a writing received by the Residence Club Association prior to the time specified in the solicitation pursuant to the preceding paragraph, but may not do so thereafter. Such revocation is effective upon its receipt by the Secretary of the Residence Club Association.

Section 5.11 Record Date. The Board of Directors may fix a date in the future as a record date for the determination of the Members entitled to notice of and to vote at any meeting of Members. The record date so fixed shall not be more than sixty (60) days prior to any other action. When a record date is so fixed, only Members of record on that date shall be entitled to notice of and to vote at the meeting, notwithstanding any transfer of or issuance of membership certificates on the books of the Residence Club Association after the record date.

If no record date is fixed in accordance with the provisions of the preceding paragraph, the record date for determining those Members entitled to receive notice of, or to vote at, a meeting of Members shall be the next business day preceding the day on which notice is given, or, if notice is waived, the next business day preceding the day on which the meeting is held. The record date for determining those Members entitled to vote by ballot on corporate action without a meeting, when no prior action by the Board has been taken, shall be the day on which the first written consent is given. When prior action of the Board has been taken, it shall be the day on which the Board adopts the resolution relating to that action. For purposes of this paragraph and the preceding paragraph, a person holding membership as of the close of business on the record date shall be deemed the Member of record.

Section 5.12 Proxies. Every person entitled to vote or execute consents shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such person or his duly authorized agent and filed with the Secretary of the Residence Club Association prior to the commencement of the meeting at which the proxy is to be exercised. A form of proxy distributed to each Member by the Residence Club Association to afford him or her the opportunity to vote in absentia at a meeting of Members must (a) afford an opportunity for the Member to specify a choice between approval and disapproval of each order of business proposed to be acted upon by the Residence Club Association at such meeting, (b) provide that the vote of the Member shall be cast in accordance with the choice specified, and (c) include the name or names of Members who expect to be in attendance in person at the meeting to whom the proxy is to be given for the purpose of casting the vote to reflect the absent Member's vote as specified in the form of proxy. A validly executed proxy that does not state that it is irrevocable shall continue in full force and effect unless (i) revoked by the Member executing it, before the vote cast pursuant to that proxy, by a writing delivered to the Residence Club Association stating that the proxy is revoked by a subsequent proxy executed by such Member, or by personal attendance and voting at a meeting by such Member, or (ii) if written notice of the death or incapacity of the maker of the proxy is received by the Residence Club Association before the vote pursuant to that proxy is counted; provided, however, that no proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of the California Nonprofit Mutual Benefit Corporation Law. In any election of directors, any form of proxy that is marked by a Member "withhold," or otherwise marked in a manner indicating that the authority to vote for the election of directors is withheld, shall not be voted either for or against the election of a director. Failure to comply with this paragraph shall not invalidate any corporation election taken, but may be the basis for challenging the proxy at a meeting.

Section 5.13 Inspectors of Election. In advance of any meeting of Members, the Board may appoint inspectors of election to act at such meeting and any adjournment thereof. If

inspectors of election be not so appointed, or if any persons so appointed fail to appear or refuse to act, the chairman of any such meeting may, and on the request of any Member or Member's proxy shall, make such appointment at the meeting. The number of inspectors shall be either one (1) or three (3). If appointed at a meeting on the request of one (1) or more Members or proxies, the majority of Members represented in person or by proxy shall determine whether one (1) or three (3) inspectors are to be appointed.

The duties of such inspectors shall be as prescribed by Section 7614(b) of the California Nonprofit Mutual Benefit Corporation Law and shall include: determining the number of memberships outstanding and the voting power of each; determining the membership represented at the meeting; determining the existence of a quorum; determining the authenticity, validity and effect of proxies; receiving votes, ballots or consents; hearing and determining all challenges and questions in any way arising in connection with the right to vote; counting and tabulating all votes or consents; determining when the polls shall close; determining the result; and doing such acts as may be proper to conduct the election or vote with fairness to all Members. If there are three inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all.

ARTICLE VI.
DIRECTORS

Section 6.1 Number; Qualifications; Term of Office. The affairs of the Residence Club Association shall be managed by a Board of five (5) directors, each of whom must be a Member of the Residence Club Association or a representative of Declarant designated by Declarant. At the organization meeting, the Members shall elect five (5) directors, three (3) of whom shall hold office for three (3) years; and two (2) of whom shall hold office for two (2) years. At each annual meeting of the Members thereafter, the Members shall elect a new director to fill each vacancy created by the expiration of a prior director's term of office. Such new directors shall serve for a term of two (2) years or until the later election of their successors. For so long as a majority of the voting power of the Residence Club Association resides in Declarant, or so long as there are two (2) outstanding classes of membership in the Residence Club Association, at least one (1) of the members of the Board shall be elected solely by the votes of the Members other than Declarant, which election of directors shall be subject to the following special election procedures:

(a) Any Member entitled to vote at the meeting pursuant to the provisions of these Bylaws shall be eligible as a candidate for the position of director. Nominations shall be made as set forth in Section 6.2, below.

(b) The procedure for election of directors shall be as follows: The Secretary of the meeting shall call for nominations, if any, from the floor. Any person so nominated to stand for election shall have his or her named added to the written ballots to be used in the conduct of the election. Following the closing of nominations, the election of directors shall be conducted by secret ballot.

At the organizational meeting, the vote shall be counted in two (2) phases. First, the vote of all Members other than Declarant shall be counted to determine which of the nominees shall be elected solely by the vote of Members other than Declarant. The nominee receiving the highest vote total in this phase of the election shall be elected (for purposes of these Bylaws, such director shall be referred to as the "Non-Declarant Director"). Second, once the Non-Declarant Director has been elected, the vote of all Members, including Declarant, shall be counted and the remaining positions on the Board shall be filled by those nominees (excluding the Non-Declarant Director) receiving the highest number of votes. The three directors receiving the highest number of votes among the directors elected shall each serve an initial term of three (3) years. The remaining two (2) directors shall each serve a two (2) year term.

At each subsequent annual election at which the Non-Declarant Director shall stand for re-election or such position shall be vacant, the procedure set forth in the preceding paragraph shall be used to elect the directors to be elected at such meeting. At all other annual elections (at which the position of Non-Declarant Director is not up for election), directors shall be elected in accordance with the vote of all Members, including Declarant.

Prior to the organization meeting, the incorporator of the Residence Club Association or the first (1st) directors appointed by the incorporator shall serve as directors of the Residence Club Association. The number of directors may be increased or decreased from time to time (but in no event shall be less than three (3)) by an amendment to these Bylaws by the Members as hereinafter provided in these Bylaws.

Section 6.2 Nominating Committee. The President of the Residence Club Association shall appoint a committee to select qualified candidates for election to the Board, which nominations shall be concluded at least thirty (30) days preceding the first (1st) day of the month in which such election shall be held. The Secretary shall forward to each Member, with the notice of meeting required by Section 5.2, above, a list of candidates nominated.

Members representing fifteen percent (15%) of the membership may nominate candidates for the position of director at any time before the fiftieth (50th) day preceding the first (1st) day of the month in which such election shall be held. On timely receipt of a petition signed by the required number of Members, the Secretary shall cause the names of the candidates named on it to be placed on the ballot along with those candidates named by the nominating committee. At the meeting to elect directors, any Member present at the meeting, in person or by proxy, may place names in nomination.

Section 6.3 Removal and Vacancies. The entire Board or any individual director may be removed from office, with or without cause, at any duly called, noticed and held annual or special meeting of the Members, at which a quorum is present, by a majority of the total voters present at such meeting either in person or by proxy, and entitled to vote. Removal of any director by the Members shall be invalid unless the notice of the meeting shall state that such action is to be voted upon at the meeting. The Non-Declarant Director 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 Declarant. A vacancy in the Board created by the removal of a director (other than the Non-Declarant Director) shall be filled by a majority of the remaining directors at a meeting of the Board, or, if no directors remain following removal of

the entire Board, by the vote of the Members present and entitled to vote at the meeting (a vacancy in the Board created by the removal of the Non-Declarant Director shall be filled by Owners other than Declarant entitled to vote or so assent, who exercise such entitlement at a duly-called special meeting and who collectively own more than fifty percent (50%) of all Memberships owned by such Owners other than Declarant), and each director so appointed or elected shall hold office until his successor is elected at an annual meeting of Members or at a special meeting duly called for that purpose. A vacancy or vacancies shall be deemed to exist in case of the death, resignation or removal of any director, or if the Members shall increase the authorized number of directors but shall fail at the meeting at which such increase is authorized or any adjournment thereof to elect the additional director so provided for, or in case the Members fail at any time to elect the full number of authorized directors. In the event of an increase in the authorized number of directors, no more than one (1) director may be appointed, rather than elected, to fill a vacancy created thereby. If the Board accepts the resignation of a director tendered to take effect at a future time, the Board shall have the power to elect a successor to take office when the resignation shall become effective.

In the event that any member of the Board shall be absent from four consecutive regular meetings of the Board of Directors, the Board may, by action taken at the meeting during which said fourth absence occurs, declare the office of said absent director to be vacant.

Section 6.4 Place of Meeting. All meetings of the Board shall be held within the Project if reasonably possible, otherwise at a place as close thereto as reasonably possible and within the County of Plumas, unless a meeting at another location would significantly reduce the cost to the Residence Club Association or inconvenience directors less, as designated at any time by resolution of the Board or by written consent of a majority of the members of the Board.

Section 6.5 Organization Meeting of the Board. Immediately following the organization meeting and each annual meeting of the Members, the Board shall hold a regular meeting at the same place for the purpose of organization, election of officers and the transaction of other business. Notice of such meeting is hereby dispensed with.

Section 6.6 Other Regular Meetings. Other regular meetings of the Board shall be held at a time and at such place within the Project or as close thereto as reasonably possible, which place may be designated by the Board from time to time. Regular meetings of the Board shall be held at least once every three (3) months. Notice of the time and place of such meeting shall be communicated to each director not less than seventy-two (72) hours prior to the meeting. Notice of the time and place of such meeting shall be communicated to the Members not less than four (4) days prior to the meeting, by posting the notice in a prominent place or places within the Common Area, by mail or delivery of the notice to each Member, or by newsletter or similar means of communication, or by any other method in accordance with the Davis-Stirling Common Interest Development Act (California Civil Code Section 1350 et seq.) (the "Davis-Stirling Act").

Section 6.7 Special Meetings. Special meetings of the Board for any purpose or purposes may be called by written notice at any time by the President, or if he is absent or unable or refuses to act, by any Vice President or by any two (2) directors.

Notice of the time and place of special meetings and of the nature of any special business to be considered shall be given to each director either (a) by written notice given by first-class mail at least fifteen (15) days prior to the scheduled time of such meeting, or (b) by telephone notice or written notice delivered personally or by telegraph at least ninety-six (96) hours prior to the meeting. Notice of the time and place of special meetings shall be given to the Members in the manner prescribed in Section 6.6, above.

Whenever any director has been absent from any special meeting of the Board and notice of such meeting has been duly given to such director, an entry in the minutes to the effect that notice has been duly given shall be made.

Section 6.8 Meetings by Telephone. Any meeting, regular or special, may be held by conference telephone or similar communication equipment, and any member of the Board may participate by conference telephone or similar communications equipment in a meeting at which other members of the Board are physically present, so long as all directors participating in the meeting can hear one another, and all such directors shall be deemed to be present in person at such meeting.

Section 6.9 Quorum Requirement, Waiver of Notice. The transaction of any business at any meeting of the Board, however called and noticed, or wherever held, shall be as valid as though made at a meeting duly held after regular call and notice, if a quorum is present, unless a quorum is expressly not required pursuant to these Bylaws, and if, either before or after the meeting, each of the directors not present signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

Section 6.10 Action Without Meeting. Any action required or permitted to be taken by the Board by law, according to the Articles or according to these Bylaws or the Residence Club Declaration may be taken without a meeting, if all members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board, and shall have the same force and effect as a unanimous vote of such directors.

Section 6.11 Quorum. A majority of the Board shall constitute a quorum thereof. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present, in person or by telephone, shall be regarded as the act of the Board, unless the provisions of these Bylaws, the Articles or the Residence Club Declaration (especially those provisions relating to (i) approval of contracts or transactions in which a director has a direct or indirect material financial interest, (ii) appointment of committees, and (iii) indemnification of directors) shall require or permit the particular action involved to be taken by the Board under other circumstances.

Section 6.12 Adjournment. A quorum of the directors may adjourn any directors' meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the directors present at the directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board. Notice of the time and place of holding an adjourned meeting need not be given, unless the

meeting is adjourned for more than twenty-four (24) hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

Section 6.13 Open Meetings.

(a) Regular and special meetings of the Board shall be open to all Members of the Residence Club Association provided, however, that 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. Any Member may request to be and shall be connected to a meeting by telephone conference call. If the number of Members requesting such connection makes the telephone conference call impractical or impossible, a telephone conference meeting may not be held.

(b) The Board may, with the approval of a majority of a quorum of its members, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Residence Club 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 6.14 Compensation. No director of the Residence Club Association shall receive any salary or other compensation for services rendered as a director or officer of the Residence Club Association. However, directors and officers shall be reimbursed for expenses incurred in connection with the business of the Residence Club Association and authorized by the Board. Nothing herein shall preclude any director from serving the Residence Club Association in any capacity other than as an officer or a director and receiving compensation therefor as authorized and approved by the Board. Any director receiving any special compensation for services in such other capacity shall be excluded from deliberations and voting by the Board relative to the authorization thereof and fixing compensation with regard thereto.

Section 6.15 Committees. The Board shall have the power to appoint an Executive Committee and other committees and to delegate to such committees any of the powers and authority of the Board in the management of the business and affairs of the Residence Club Association except the power to:

(a) adopt, alter, amend or repeal the Articles of Incorporation or Bylaws;

(b) fill vacancies on the Board or in any committee;

(c) amend, alter, or repeal any resolution of the Board which by its express terms is not so amendable, alterable, or repealable;

(d) appoint any other committees of the Board or the members of these committees;

(e) approve any transaction (1) to which the Residence Club Association is a party and one (1) or more directors have a material financial interest or (2) between the Residence Club Association and one (1) or more of its directors or (3) between the Residence

Club Association and any entity in which one (1) or more of its directors have a material financial interest;

(f) adopt a plan of merger or a plan of consolidation with another Residence Club Association;

(g) authorize the sale, lease or exchange of all of the property and assets of the Residence Club Association;

(h) authorize the voluntary dissolution of the Residence Club Association or revoke proceedings therefor;

(i) adopt a plan for the distribution of the assets of the Residence Club Association; or

(j) enter into, amend or terminate an agreement for the services of a Managing Agent.

Each Committee shall be composed of two (2) or more directors (one (1) member of the Executive Committee shall be the President) and shall keep regular written minutes of the proceedings and report the same to the Board.

Section 6.16 Powers and Duties. Subject to the limitations of the Articles, these Bylaws, the Residence Club Declaration and the Non-profit Mutual Benefit Corporation Law as to action required to be taken, authorized or approved by the Members of the Residence Club Association, or a portion or percentage thereof, all Residence Club Association powers and duties including those set forth in the Residence Club Declaration shall be exercised by, or under the authority of the Board, and the business and affairs of the Residence Club Association shall be controlled by the Board.

Section 6.17 Minutes of Meetings. A copy of the written minutes of any meeting of the Board shall be distributed to all Members within sixty (60) days after the adjournment of such meeting, to any Member making a written request for a copy, or as otherwise required by law.

ARTICLE VII.
OFFICERS

Section 7.1 Enumeration of Officers. The officers of the Residence Club Association shall be a President, Vice President, a Secretary, a Treasurer (who shall function as the chief financial officer, as defined in Section 7213 of the California Corporations Code, of the Residence Club Association) and such other officers as the Board may deem necessary. Any person may hold more than one office, provided that neither the Secretary nor the Treasurer may serve concurrently as the President. The President, Vice President and Secretary shall be Members of the Board. The Treasurer may be, but need not be a member of the Board. Each officer must be a Member of the Residence Club Association or a representative of Declarant designated by Declarant.

Section 7.2 Subordinate Officers. The Board may appoint, and may authorize the President or another officer to appoint, any other officers that the business of the Residence Club Association may require, each of whom shall have the title, hold office for the period, have the authority, and perform the duties specified in these Bylaws or determined from time to time by the Board.

Section 7.3 Election. The initial officers shall be chosen by a majority vote of the directors at the first (1st) meeting of the Board, and thereafter, officers shall be removed or chosen at any subsequent meeting of the Board by a majority vote of the total number of directors on the Board.

Section 7.4 Term. All officers shall hold office at the pleasure of the Board.

Section 7.5 Resignation of Officers. Any officer may resign at any time by giving written notice to the Board. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Residence Club Association under any contract to which the officer is a party.

Section 7.6 President. The President shall be the chief executive officer of the Residence Club Association and shall, subject to the control of the Board, have supervision, direction and control of the business and affairs of the Residence Club Association. He shall preside at all meetings of the Members and at all meetings of the Board. He shall be ex-officio a member of all standing committees, including the Executive Committee, if in existence and shall have the general powers and duties of management usually vested in the office of President of a California non-profit mutual benefit corporation, and shall have such powers and duties as may be prescribed by the Board or by these Bylaws.

Section 7.7 Vice President. In the absence or disability of the President, the Vice President shall perform all the duties of the President, and when so acting shall have all powers of, and be subject to all the restrictions upon, the President. The Vice President shall have such other powers and perform such other duties as from time to time may be prescribed for him by the Board or by these Bylaws.

Section 7.8 Secretary. The Secretary shall keep or cause to be kept, a book of minutes at the principal office of the Residence Club Association or such other place as the Board may order, of all meetings of directors and Members, with the time and place of holding, whether regular or special, and if special how authorized, the notice thereof given, the names of those persons present at the directors' meetings, the number of Members present or represented at Members' meetings and the proceedings thereof.

The Secretary shall give, or cause to be given, notice of all the meetings of the Members and of the Board required by the Bylaws or by law to be given, except that notice of the organization meeting may be given by the Declarant, and he shall keep the seal of the Residence Club Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

The Secretary shall keep, or cause to be kept, at the principal executive office, as determined by resolution of the Board, a record of the Residence Club Association Members, showing the names of all Members, their addresses, and the class of membership held by each.

Section 7.9 Treasurer. The Treasurer shall keep and maintain, or cause to be kept or maintained, adequate and correct accounts of the properties and business transactions of the Residence Club Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital and surplus. The books of account shall at all times be open to inspection by any director. The Treasurer shall deposit all monies and other valuables in the name and to the credit of Residence Club Association with such depositories as may be designated by the Board. He shall disburse the funds of the Residence Club Association as may be ordered by the Board, shall render to the President and directors, whenever they request it, an account of all of his transactions as Treasurer and of the financial condition of the Residence Club Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws. The Board may delegate the performance of the foregoing duties, subject to supervision by the Treasurer, to a professional manager retained by the Residence Club Association.

ARTICLE VIII.
INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS

Section 8.1 Definitions. For the purpose of this Article,

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

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

(c) "expenses" includes, without limitation, all attorneys' fees, costs, and any other expenses incurred in the defense of any claims or proceedings against an agent by reason of his position or relationship as agent and all attorneys' fees, costs, and other expenses incurred in establishing a right to indemnification under this Article VIII.

Section 8.2 Successful Defense By Agent. To the extent that an agent of this Residence Club Association has been successful on the merits in the defense of any proceeding referred to in this Article VIII, or in the defense of any claim, issue, or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection with the claim. If an agent either settles any such claim or sustains a judgment rendered against him, then the provisions of Sections 8.3 through 8.5 shall determine whether the agent is entitled to indemnification.

Section 8.3 Actions Brought By Persons Other Than The Residence Club Association. Subject to the required findings to be made pursuant to Section 8.5 below, this Residence Club

Association shall indemnify any person who was or is a party, or is threatened to be made a party, to any proceeding other than an action brought by, or on behalf of, this Residence Club Association, or by an officer, director or person granted related status by the Attorney General, or by the Attorney General on the ground that the defendant director was or is engaging in self-dealing within the meaning of California Corporations Code Section 5233, by reason of the fact that such person is or was an agent of this Residence Club Association, for all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with the proceeding.

Section 8.4 Action Brought By or On Behalf of the Residence Club Association.

(a) Claims settled out of court. If any agent settles or otherwise disposes of a threatened or pending action brought by or on behalf of this Residence Club Association, with or without approval, the agent shall receive no indemnification for either amounts paid pursuant to the terms of the settlement or other disposition or for any expenses incurred in defending against the proceeding.

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

(i) The determination of good faith conduct required by Section 8.5, below, must be made in the manner provided for in that section; and

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

Section 8.5 Determination of Agent's Good Faith Conduct. The indemnification granted to an agent in Sections 8.3 and 8.4, above, is conditioned on the following:

(a) Required standard of conduct. The agent seeking reimbursement must be found, in the manner provided below, to have acted in good faith, in a manner he believed to be in the best interest of this Residence Club Association, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use in similar circumstances. The termination of any proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith or in a manner which he reasonably believed to be in the best interest of this Residence Club Association or that he had reasonable cause to believe that his conduct was unlawful. In the case of a criminal proceeding, the person must have had no reasonable cause to believe that his conduct was unlawful.

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

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

(ii) the affirmative vote or written ballot of a majority of the votes of the Members represented and voting at a duly held meeting at which a quorum is present (which affirmative votes also constitute a majority of the required quorum), with the persons to be indemnified not being entitled to vote thereon; or

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

Section 8.6 Limitations. No indemnification or advance shall be made under this Article VIII, except as provided in Sections 8.2 or 8.5(b)(iii), above, in any circumstances when it appears:

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

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

Section 8.7 Advance of Expenses. Expenses incurred in defending any proceeding may be advanced by this Residence Club Association before the final disposition of the proceeding on receipt of an undertaking by or on behalf of the agent to repay the amount of the advance unless it is determined ultimately that the agent is entitled to be indemnified as authorized in this Article VIII.

Section 8.8 Contractual Rights of Nondirectors and Nonofficers. Nothing contained in this Article VIII shall affect any right to indemnification to which persons other than directors and officers of this Residence Club Association, or any subsidiary hereof, may be entitled by contract or otherwise.

Section 8.9 Insurance. The Board may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the Residence Club Association against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not this Residence Club Association would have the power to indemnify the agent against that liability under the provisions of this Section 8.9.

ARTICLE IX.
MISCELLANEOUS

Section 9.1 Checks, Drafts, Etc. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the

Residence Club Association, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board.

Section 9.2 Contracts, Etc.; How Executed. The Board, except as otherwise provided in these Bylaws, 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 Residence Club 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 Residence Club Association by a contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

Section 9.3 Inspection of Bylaws. The Residence Club Association shall keep in its principal office the original or a copy of these Bylaws, as amended or otherwise altered to date, certified by the secretary, which shall be open to inspection by the Members at all reasonable times during office hours.

Section 9.4 Fiscal Year. The fiscal year of the Residence Club Association shall terminate on December 31 of each year.

Section 9.5 Maintenance and Inspection of Other Corporate Records. The accounting books, records and minutes of proceedings of the Members and the Board and any committee(s) of the Board shall be kept at such place or places designated by the Board or, in the absence of such designation, at the principal executive office of the Residence Club Association. The minutes shall be kept in written or typed form, and the accounting books and records shall be kept either in written or typed form or in any other form capable of being converted into written, typed or printed form. The minutes and accounting books and records shall be open to inspection on the written demand of any Member, at any reasonable time during usual business hours and without disruption of the business of the Residence Club Association, for a purpose reasonably related to the Member's interests as a Member.

The inspection may be made in person or by an agent or attorney, and shall include the right to copy and make extracts.

The Board shall establish reasonable rules with respect to:

(a) Notice to be given to the custodian of 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.

Each director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Residence Club Association and the physical properties owned or controlled by the Residence Club Association. The right of inspection by a director includes the right to make extracts and copies of documents.

Section 9.6 Annual Report to Members. Nothing in these Bylaws shall be interpreted as prohibiting the Board from issuing annual or other periodic reports to the Members as they consider appropriate. However, the Residence Club Association shall provide to the directors and to the Members the financial reports referred to in the Residence Club Declaration, as follows:

(a) A pro forma operating statement (Budget) of "Basic Expenses" (as that term is defined in the Residence Club Declaration) for the Residence Club for each Fiscal Year shall be distributed to Members not less than forty-five (45) days and not more than sixty (60) days before the beginning of each Fiscal Year, except the first (1st) Fiscal Year of the Residence Club Association, with respect to which the Budget shall be distributed as soon as reasonably possible.

(b) The Annual Report shall be distributed to Members within one hundred twenty (120) days after the end of each Fiscal Year.

ARTICLE X.
EVIDENCE OF MEMBERSHIP, SEAL

Section 10.1 Evidence of Membership. The Board shall have the power, but not the obligation, to cause the issuance of evidence of membership in the Residence Club Association to the Members in such form as the Board shall determine.

Section 10.2 Seal. The Residence Club Association shall have a seal in circular form having within its circumference the name of the Residence Club Association, its date of incorporation and such other matters as may be required by the laws of California.

ARTICLE XI.
AMENDMENTS, CONFLICTS

Section 11.1 Amendments. The Articles of Incorporation and these Bylaws may be amended from time to time by a Majority of Owners at any duly called, noticed and held regular or special meeting of the Members at which a quorum is present or by written assent of the Members, and, with respect to the Articles of Incorporation only, by the vote or written assent of at least a majority of the Board; provided, however, that the percentage of the voting power of the Residence Club Association necessary to amend a specific clause or provision of these Bylaws shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause or provision. Amendments shall be kept by the Secretary with the other records and books of the Residence Club Association and shall become effective upon the execution of such written instrument as required by this Section 11.1 without any further action or requirement.

Section 11.2 Conflicts. In the event of any inconsistency between these Bylaws and the Articles, the Articles shall control, and in the event of any inconsistency between these Bylaws or the Articles and the Residence Club Declaration, the Residence Club Declaration shall control.

ARTICLE XII.
DISSOLUTION

Upon the winding up and dissolution of the Residence Club Association, after paying or adequately providing for the debts and obligations of the Residence Club Association, the remaining assets may be distributed to the Members of the Residence Club Association as provided in the Residence Club Declaration.

CERTIFICATE OF SECRETARY

I, the undersigned, certify that I am the duly elected, qualified and acting Secretary of The Residence Club at Nakoma, a California nonprofit mutual benefit corporation, and that the foregoing Bylaws, comprising twenty-one (21) pages including this page, constitute the Bylaws of said corporation as duly adopted by the Incorporator of this corporation effective as of September 26, 2014.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 26 day of September, 2014.

Secretary

BYLAWS OF
THE RESIDENCE CLUB AT NAKOMA

BYLAWS OF
THE RESIDENCE CLUB AT NAKOMA

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