
**RESTATED BYLAWS OF
REDHAWK COMMUNITY ASSOCIATION**

Restatement Date November 8, 2001

TABLE OF CONTENTS

	<u>PAGE</u>
ARTICLE I	NAME AND LOCATION..... 1
ARTICLE II	DEFINITIONS 1
2.1	Declaration 1
2.2	Other Definitions 1
ARTICLE III	PRINCIPAL OFFICE 1
3.1	Principal Office 1
ARTICLE IV	MEMBERS 1
4.1	Membership 1
4.2	Membership Certificates 2
ARTICLE V	VOTING 2
5.1	Cumulative Voting 2
5.2	Qualified Voters 2
5.3	Joint Owner and Trust Beneficiary Voting 2
5.4	Proxies 2
5.5	Vote Appurtenant to Lot 3
5.6	Quorum 3
5.7	Costs of Election 4
5.8	Transfer of Membership Upon Sale 4
ARTICLE VI	MEETINGS OF DELEGATES 4
6.1	Place of Meeting 4
6.2	Annual Meeting 4
6.2.1	Order of Business for Annual Meeting 4
6.3	Special Meetings 4
6.4	Record Date and Closing Membership Register 5
6.5	Notices of Meetings 5
6.6	Approval of the Membership 5
6.7	Action by Written Ballot 5
6.7.1	..... 5
6.7.2	..... 6
6.7.3	..... 6
6.7.4	..... 6
6.8	Parliamentary Procedure 6
6.9	Consent of Absentees 6
6.10	Minutes, Presumption of Notice 6

ARTICLE VII	COMMUNITY DIRECTORS	6
7.1	Powers	6
7.2	Duties	7
7.2.1	.....	7
7.2.2	.....	7
7.2.3	.....	7
7.3	Number and Qualification	7
7.4	Nomination Committee and Inspector of Election	7
7.4.1	Nomination	8
7.4.2	Inspector of Election	8
7.5	Election and Term of Office	8
7.6	Removal of Directors	8
7.7	Vacancies	9
7.8	Resignation	9
7.9	Organizational Meeting of the Community Directors	9
7.10	Other Regular Meetings	9
7.11	Special Meetings; Notice	9
7.12	Waiver of Notice	10
7.13	Quorum of Community Directors	10
7.14	Adjournment	10
7.15	Conduct of Meetings	10
7.16	Consent of Board Obviating Necessity of Meeting	10
7.17	Fees and Compensation	11
7.18	Presiding Officer	11
7.19	Records	11
ARTICLE VIII	OFFICERS	11
8.1	Officers	11
8.2	Appointment	11
8.3	Subordinate Officers	11
8.4	Removal and Resignation	11
8.5	Vacancies	12
8.6	President	12
8.7	Vice President	12
8.8	Secretary	12
8.9	Chief Financial Officer	12
ARTICLE IX	AMENDMENTS	13
9.1	Prior to Termination of Class B Votes	13
9.2	Subsequent to Termination of Class B Votes	13
9.3	Compliance with Business and Professions Code	13
ARTICLE X	COMMUNITY ASSOCIATION'S ACCOUNTS, BOOKS AND RECORDS	13
10.1	Community Association Accounts	13

10.1.1	Balance Sheets - Operating Statements	13
	(i) Budget	13
	(ii) Annual Report	14
	(iii) Balance Sheet and Operation Statement	14
	(iv) Community Association Policies	14
10.1.2	Review of Accounts	15
10.1.3	Audit	15
10.1.4	Notice to Mortgagees	15
10.2	Inspection of Association Books and Records	15
10.2.1	Community Board Rules Regarding Inspection of Records	15
10.2.2	Director's Rights	15
ARTICLE XI	GENERAL PROVISIONS	16
11.1	Checks, Drafts, etc	16
11.2	Community Contracts, etc.; How Executed	16
11.3	Inspection of Community Bylaws	16
11.4	Singular Includes Plural	16
11.5	Fiscal Year	16
11.6	Conflicts	16
11.7	Reserves	17

RESTATED BYLAWS
of
REDHAWK COMMUNITY ASSOCIATION*

ARTICLE I
NAME AND LOCATION

The name of the Community Association is REDHAWK COMMUNITY ASSOCIATION (hereinafter referred to as the "Community Association"). The Community Association is organized under California corporation law as a nonprofit mutual benefit corporation. The principal office of the Community Association shall be located in the County of Riverside, State of California.

ARTICLE II
DEFINITIONS

2.1 Declaration. The "Declaration" shall mean, collectively, the Restated Declaration of Covenants, Conditions and Restrictions of Redhawk Community Association recorded with the Office of the County Recorder for Riverside County, California, on _____, as File/Page No. _____, and any amendments or supplements recorded or to be recorded pursuant thereto.

2.2 Other Definitions. Each and every definition set forth in Article II of the Declaration shall have the same meaning in these Community Bylaws as set forth in Article II of the Declaration.

ARTICLE III
PRINCIPAL OFFICE

3.1 Principal Office. The principal office for the transaction of the business of the Community Association is hereby fixed and located within the Property or as close as practicable thereto, in the County of Riverside, State of California. The Community Board is hereby granted full power and authority to change said principal office from one location to another within Riverside County.

ARTICLE IV
MEMBERS

4.1 Membership. The qualifications for membership, the classes of membership and the voting rights of Members, shall be as set forth in Article III of the Declaration, all of which provisions are hereby incorporated by reference

as if set forth in full herein. The provisions of these Community Bylaws, which are binding upon all Members, are not exclusive, as Members shall also be subject to the terms and provisions of the Community Articles, the Declaration and the Community Association Rules.

4.2 Membership Certificates. In its discretion, the Community Board may, but need not, issue appropriate membership certificates evidencing membership in the Community Association.

ARTICLE V

VOTING

5.1 Cumulative Voting. The election of Members to the Community Board shall be by cumulative voting as described herein and set forth in California Corporations Code Section 7615. Under cumulative voting, each Member, either in person or by proxy, may give a single candidate the number of Community Directors to be elected multiplied by the number of votes the Member is entitled to exercise, or the Member may distribute these cumulative votes among any two or more candidates as the Member desires.

5.2 Qualified Voters. Members that wish to vote in Community Director elections or other Community Association business must be in good standing with the Community Association as of the Record Date set by Section 6.4 of the Community Bylaws. Anyone not in good standing shall not be permitted to vote. The Inspector(s) of Election shall determine who is or is not in good standing under this section if the issue is raised prior to the Members voting. For purposes of this section, a Member is not in good standing if one more of the following apply on the Record Date to the Member or Member's Lot: (1) delinquent assessments and/or late fees are owed to the Association; (2) fines are owed to the Association; or (3) outstanding violation notices have not been cleared.

5.3 Joint Owner and Trust Beneficiary Voting. If there is more than one (1) record Owner of any Lot, any and all of the Owners owning such Lot may attend any meeting of the Members, but the vote attributable to the Lot so owned shall not be increased by reason thereof, and only one such co-Owner shall be entitled to exercise the vote to which the Lot is entitled. A majority of the co-Owners of a Lot may from time to time designate in writing one of their number to vote. Fractional votes shall not be allowed, and the vote for each Lot shall be exercised, if at all, as a unit. Where no voting co-Owner is designated, or if the designation has been revoked, the vote for the Lot shall be exercised as the co-Owners owning a majority of interests in the Lot direct. This same analysis shall apply to a beneficiary voting on behalf of a trust which owns a Lot and has multiple beneficiaries.

5.4 Proxies. Every Member under these Community Bylaws and the Declaration entitled to attend, vote at or exercise consents with respect to any meeting of the Members may do so either in person or by a representative, known as a proxy, duly authorized by an instrument in writing, filed with the Community Board prior to the meeting

to which it is applicable. Any proxy may be revoked at any time by written notice to the Community Board or by attendance in person by such Member at the meeting for which such proxy was given. In any event, 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 be three (3) years from the date of execution. Such powers of designation and revocation may be exercised by the guardian of any such Member's estate or by his conservator, or in the case of a minor having no guardian, by the parent entitled to his custody, or during the administration of any such Member's estate, by his executor or administrator where the latter's interest in such property is subject to administration in his estate. Any form of proxy or written ballot shall afford an opportunity therein to specify a choice between approval and disapproval of each matter or group of related matters intended, at the time the written ballot or proxy is distributed, to be acted upon at the meeting for which the proxy or written ballot is solicited (except that the proxy or written ballot does not have to name the candidate for election to the Community Board) and shall provide, subject to reasonable specified conditions, that where the person solicited specifies a choice with respect to any such matter, the vote shall be cast in accordance with such specification. The proxy or written ballot shall also identify the person or persons authorized to exercise the proxy or written ballot and the length of time that the proxy or written ballot will be valid. With respect to Community Director elections, the Community Association shall mail written proxies to the membership at least forty-five (45) days but not more than sixty (60) days prior to such election.

5.5 Vote Appurtenant to Lot. The right to vote may not be severed or separated from the ownership of the Lot to which it is appurtenant, except as set forth in the Declaration, and any Member may give a revocable proxy in the manner described above, or may assign his right to vote to a lessee or tenant actually occupying his Lot or Mortgagee of the Lot concerned, for the term of the lease or Mortgage, and any sale, transfer or conveyance of such Lot to a new Owner or Owners shall operate automatically to transfer the appurtenant vote to the new Owner subject to any assignment of the right to vote to a lessee or Mortgagee as provided herein.

5.6 Quorum. The presence at any meeting, in person or by written proxy, of the Members entitled to vote at least twenty percent (20%) of the total votes shall constitute a quorum. If any meeting cannot be held because a quorum is not present, the Members present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be the presence, in person or by written proxy, of the Members entitled to vote at least five percent (5%) of the total votes. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for annual or special meetings, as applicable. The Members present at each meeting shall select a chairperson to preside over the meeting and a secretary to transcribe minutes of the meeting.

5.7 Costs of Election. The Community Association shall pay all costs of providing notices, conducting any official meetings, and conducting the election(s) set forth in the Community Bylaws and Declaration for the Community Association.

5.8 Transfer of Membership Upon Sale. If the Owner of any Lot fails or refuses to transfer the membership registered in his name to the purchaser of such Lot upon transfer of fee title thereto, the Community Board shall have the right to record the transfer upon the books of the Community Association. The Community Association may levy a transfer fee against new Owners in the amount of the actual costs incurred by the Community Association to change its records and their Lots in order to reimburse the Community Association for the costs of transferring the memberships to the new Owners on the records of the Community Association.

ARTICLE VI

MEETINGS OF THE COMMUNITY ASSOCIATION

6.1 Place of Meeting. All meetings of the membership shall be held at the principal office of the Community Association, or at such other place in the County of Riverside, in reasonable proximity to the Property, as may be fixed from time to time by resolution of the Community Board.

6.2 Annual Meeting. The Annual Meeting shall be held during the month of May and each subsequent regular Annual Meeting of the Membership shall be held in the same month of each year thereafter on a day and at an hour to be established by the Community Board. The Annual Meeting shall be held at a location selected by the Board within the County of Riverside and in reasonable proximity to the Property.

6.2.1 Order of Business for Annual Meeting. The Community Board shall determine the order of business for the Annual Meeting. The order of business for the Annual Meeting may include, but not necessarily be limited to the following:

- (i) Call meeting to order and cease acceptance of proxies
- (ii) Reports of Board and Officers
- (iii) Committee Reports
- (iv) Inspector of Election Announcements
- (v) Nominations from floor for Community Directors
- (vi) Election of Directors
- (vii) Announce election results
- (viii) Adjourn meeting

6.3 Special Meetings. It shall be the duty of the President to call a special meeting of the membership, either in his or her discretion, as directed by resolution of a majority of a quorum of the Board of Directors, or upon a petition being presented to the Secretary signed by Members representing at least five percent (5%) of the Redhawk Voting Power. The notice of any special meeting shall be given within twenty (20) days after adoption of such resolution or receipt of such petition and shall state the time and place of such meeting and the purpose thereof. The special meeting shall be held not less than thirty-five (35) days nor more than ninety (90) days after adoption of such resolution or

receipt of such petition. No business shall be transacted at a special meeting other than business the general matter of which is disclosed in the notice. Each First Mortgagee may designate a representative to attend all special meetings of the membership. The special meetings of the membership shall, at the election of the Community Board, be open to attendance by all Members and by Mortgagee representatives to the extent of the permissible capacity of the meeting room.

6.4 Record Date and Closing Membership Register. The Community Board may fix a time, in the future, not exceeding thirty (30) days preceding the date of any Annual Meeting or special meeting of the membership, as a record date for the determination of the Members entitled to notice of and to vote at any such meeting, and in such case only Members of record and in good standing on the date so fixed shall be entitled to notice of and to vote the number of votes allocated as of such date at said meeting, notwithstanding any transfer or any membership on the books of the Community Association after any record date so fixed. For the purpose of determining such record date, the Community Board may close the books of the Community Association against transfer of membership during the whole, or any such part, of any such period.

6.5 Notices of Meetings. It shall be the duty of the Secretary to send a notice of each Annual Meeting by first-class mail at least forty-five (45) days but not more than sixty (60) days prior to such meeting, and a notice of each special meeting forty-eight (48) hours prior to such meeting if personally delivered or four (4) days prior to such meeting if mailed by United States mail. The notice of any meeting shall state the purpose thereof as well as the day, hour and place where the meeting is to be held. The notice may set forth time limits for speakers and nominating procedures for the meeting. The notice of any meeting at which the Community Directors are to be elected shall include the names of all those who are nominees at the time the notice is given to the Members as well as be accompanied by the written proxy to be utilized for Community Director elections. Such notice shall be posted in a conspicuous place within the Property, and, such notice shall be deemed served upon any Member upon posting if no address has been furnished the Secretary.

6.6 Approval of the Membership. Except where a greater portion of the Redhawk Voting Power is required by the Community Articles, the Declaration, these Community Bylaws or the California Nonprofit Corporation Law, a majority of the votes 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) shall constitute approval of the membership and prevail at all meetings. The members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the total voting power required to constitute a quorum.

6.7 Action by Written Ballot. Unless otherwise prohibited by the Community Articles, the Declaration, these Community Bylaws, or the California Nonprofit Corporation Law, any action which may be taken at any regular or special meeting of the members may be taken without a meeting if taken in accordance with the provisions of this Section.

6.7.1 The Community Association must distribute a written ballot to every Member entitled to vote on the matter, which shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide the

time within which to return the ballot to the Community Association, which shall be not less than fifteen (15) days from the date that the written ballot is distributed to the Members. Any written ballot in which the directors to be voted upon are named therein as candidates and which 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.

6.7.2 Approval by written ballot pursuant to this Section shall be valid only when the number of votes cast by ballot within the specified time period equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve such action at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

6.7.3 Ballots shall be delivered to Members in a manner consistent with the requirements of the Section of Article VI entitled "Notice of Meetings". All such solicitations shall indicate the number of responses needed to meet the quorum requirement and 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.

6.7.4 A written ballot may not be revoked.

6.8 Parliamentary Procedure. The president of the Community Association or another person elected at a meeting shall preside over meetings of the membership. All questions of parliamentary procedure shall be decided by the presiding officer.

6.9 Consent of Absentees. The transactions of any meeting of the membership, either 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, and if, either before or after the meeting, each of the Members 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 or made a part of the minutes of the meeting.

6.10 Minutes, Presumption of Notice. Minutes or a similar record of the proceedings of meetings of the membership, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE VII

COMMUNITY DIRECTORS

7.1 Powers. In addition to the powers and duties of the Community Board as set forth in the Declaration, the Community Articles or elsewhere in these Community Bylaws, and subject to limitations of the Community Articles, the Declaration, or these Community Bylaws and of the California Nonprofit corporation Law as to actions to be authorized or approved by the Members, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Community Association shall be

controlled by the Community Board. Without prejudice to such general powers, but subject to the same limitations, the Community Directors are vested with and shall have the following powers:

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

7.1.2 to conduct, manage and control the affairs and business of the Community Association, and to make and enforce such rules and regulations therefor consistent with law, with the Community Articles, the Declaration and/or these Community Bylaws, as the Community Board may deem necessary or advisable;

7.1.3 to adopt and use a corporate seal; and

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

7.2 Duties. It shall be the duty of the Community Board:

7.2.1 to cause to be kept a complete record of all of its acts and doings and to present a statement thereof to the membership, or at any special meeting when such statement is requested in writing by the membership representing one-fourth (1/4) of the votes other than votes of the Declarant or Merchant Builders;

7.2.2 to supervise all officers, agents and employees of the Community Association, and to see that their duties are properly performed; and

7.2.3 to delegate its powers as provided in the Declaration.

7.3 Number and Qualifications. The Community Board shall consist of between five and seven Community Directors as set forth in the Declaration. A person may serve as a Community Director provided that he or she is a Member in "good standing" as set forth in Section 5.2 above, a full time Redhawk Community resident and meets one or more of the following requirements as determined by the Nominating Committee: (1) owner of record of real property located within the Redhawk Community; (2) legal spouse, as recognized by California law, of an owner of a Lot within the Redhawk Community; or (3) beneficiary of a trust which holds title to a Lot within the Redhawk Community.

7.4 Nomination Committee and Inspector of Election. The Community Board shall have the power to appoint both a Nomination Committee and Inspector of Election as set forth herein.

7.4.1 Nomination. A nomination for election to the Community Board may be made by a Nominating Committee consisting of three persons. The Nominating Committee shall consist of a Chairman, who shall be a Community Director and two other persons who are Members of the Community Association. Each Member of the Nominating Committee shall be appointed by the Board to serve for a period of one (1) year and vacancies thereon shall be filled by the Community Board. At least ninety (90) days before the Community Director election, the Nominating Committee shall notify the Membership, in writing or by other reasonable means, that it is requesting the submission of nominations. The Nominating Committee may make as many nominations as it desires but not less than the number of positions to be filled. Nominations shall only be made from among those persons entitled to be a Community Director pursuant to these Community Bylaws and the Declaration. Nominations may be rejected by the Nominating Committee based upon a person's ineligibility under the Community Association's governing documents or for any reason which constitutes good cause under these Community Bylaws or the Declaration. Notwithstanding the foregoing, any Member present in person or by proxy at a meeting in which a Community Director or Directors are to be elected may from the floor place a name in nomination at the meeting prior to the vote and in a manner consistent with California Corporations Code Section 7521, or its successor statute.

7.4.2 Inspector of Election. Prior to the election of Community Directors, the Community Board may annually appoint one or more Inspectors of Election to make rules for and supervise proxies, voting procedures, voting requirements and the orderly and fair election of Community Directors consistent with California Corporations Code Section 7614, or any successor statute or law. The Inspector(s) appointed by the Community Board does not have to be a Community Association Member.

7.5 Election and Term of Office. All Community Directors shall be elected by cumulative voting. The term of office of the Community Directors shall be two (2) years and elections shall be held on a staggered basis. Successor Community Directors shall be elected at the next annual meeting corresponding with the expiration of the terms of office of such Community Directors. Notwithstanding the foregoing, in the event that the number of Directors of the Community Board is increased to seven (7), commencing with the first election after the number of community Directors is increased from five (5) to seven (7) Directors, the term of office for the four (4) Directors who receive the highest number of votes shall be two (2) years and the term of the remaining three (3) Community Directors shall initially be one (1) year and thereafter shall be two (2) years. Successor Community Directors shall be elected at the next Annual Meeting corresponding with the expiration of their terms. All Community Directors shall hold office until their respective successors are elected. Elections to the Community Board shall be in accordance with the provisions of the California Corporations Code and the Community Association's governing documents. Notwithstanding the foregoing, the Community Board may vote, at any time, to not have Community Directors serve terms on a staggered basis, in which case, all terms of office shall be for one (1) year.

7.6 Removal of Directors. At any special meeting of the Membership of which notice has been properly given as provided in these Community Bylaws, the entire Community Board or any individual Community Director may be removed from office as hereinafter set forth, provided that the same notice of said special meeting has also been given to said entire Community Board or any individual Community Director whose removal is to be considered at said special meeting. The entire Community Board or any individual Community Director may be removed from office by a majority of the affirmative votes cast in the voting on any motion or resolution for removal. However, unless the entire

Community Board is removed, an individual Community Director shall not be removed prior to the expiration of his term of office if the number of votes cast against the motion or resolution for his removal would be sufficient to elect the Community Director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of community Directors authorized at the time of the most recent election of the Community Directors were then being elected. Upon any such motion or resolution for removal, every Member may cumulate his vote or votes, as the case may be, in the same manner as provided for the election of Directors in these Community Bylaws. In addition, Community Directors elected either by Class A Members pursuant to the Declaration or by Declarant pursuant to the Declaration, may only be removed by the vote or consent as required under the Declaration. In the event that any or all Community Directors are so removed, new Community Directors may be elected at the same meeting.

7.7 Vacancies. Vacancies on the Community Board may be filled by a majority vote of the Community Directors, though less than a quorum, and each Community Director so elected shall hold office until his successor is elected at an annual meeting of the membership, or at a special meeting called for that purpose. A vacancy or vacancies shall be deemed to exist in case of the death, resignation or removal of any Community Director. If the membership shall increase the authorized number of Community Directors but shall fail to elect the additional Community Directors as provided for at the meeting at which such increase is authorized, or at an adjournment thereof, or in case the membership fails, at any time, to elect the full number of the authorized Community Directors, a vacancy or vacancies shall be deemed to exist. The membership may at any time elect Community Directors to fill any vacancy not filled by the Community Directors and may elect the additional Community Directors at the meeting at which an amendment of the Community Bylaws is voted authorizing an increase in the number of Community Directors.

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

7.9 Organizational Meeting of the Community Directors. At the next regular meeting of the Community Board following an Annual Meeting, the Community Board shall hold a regular meeting for the purpose of organization, election of officers and the transaction of other business. Notice of such meeting is hereby dispensed with.

7.10 Other Regular Meetings. Other regular meetings of the Community Board may be held without notice at such place and day and hour as may be fixed from time to time by resolution of the Community Board; provided, however, should said day fall upon a legal holiday, then the meeting which otherwise would be held on said day shall be held at the same time on the next day thereafter ensuing which is not a legal holiday. Notice of all such regular meetings shall be posted at a prominent place or places within the Community Common Area. Notice of the time and place of any such meeting shall be communicated to the Community Board not less than four (4) days prior to the meeting; provided, however, that notice of a meeting need not be given to any member of the Community Board who has signed a waiver of notice or a written consent to a holding of the meeting.

7.11 Special Meetings; Notice. Special meetings of the Community Board may be called at any time by the President or if he or she is unable or refuses to act, by any

Vice President, or by any two (2) Community Directors, after not less than four (4) days prior notice to each community Director which notice shall specify the time and place of the meeting and the nature of all special business to be considered. The notice shall be posted in the 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 a meeting need not be given to any member of the Community Board who has signed a waiver of notice or a written consent to a holding of the meeting.

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

7.13 Quorum of Community Directors. A majority of the number of Community Directors as fixed by the Community Board shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision made or done by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Community Board. Members of the Community Board may participate in a meeting through use of a conference telephone or similar communications equipment, so long as all Members participating in such meeting can hear one another. Participation in a meeting pursuant to this Section constitutes presence in person at such meeting.

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

7.15 Conduct of Meetings. Regular and special meetings of the Community Board shall be open to all Owners and all Members of the Community Association; provided, however, that Owners and Community Association Members who are not on the Community Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Community Board. The Community Board may, with the approval of a majority of a quorum of the Community Board, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Community Association is or may become involved and orders of business of a similar or otherwise sensitive nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

7.16 Consent of Board Obviating Necessity of Meeting. Notwithstanding anything to the contrary contained in these Community Bylaws, any action required or permitted to be taken by the Community Board may be taken without a meeting if all members of the Community 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 Community Board. Such action by written consent shall have the same force and effect as a unanimous vote of such Directors.

7.17 Fees and Compensation. No Community Director or officer shall receive any salary for his services as such officer or Community Director; provided, however, any Community Director may be reimbursed for actual out-of-pocket expenses incurred by him in the performance of his duties. Nothing herein contained shall be construed to preclude any Community Director or officer from serving the Community Association as agent, counsel, or in any capacity other than as such Community Director or officer, and receiving compensation therefor.

7.18 Presiding Officer. The members of the Community Board shall elect one of their number to act as Chairman. The Chairman shall preside at all meetings of the Community Board.

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

ARTICLE VIII

OFFICERS

8.1 Officers. The officers shall be a President, Vice President, a Secretary and a Chief Financial Officer, which officers shall be elected by and hold office at the pleasure of the Community Board. The President and the Vice-President shall be members of the Community Board. Any of the other officers may, but need not, be a member of the Community Board. Any two or more of such offices, except those of President and Secretary, may be held by the same person.

8.2 Appointment. The officers of the Community Association, except such officers as may be appointed in accordance with Sections of this Article entitled "Subordinate Officers" and "Vacancies", shall be chosen annually by the Community Board, and each shall hold his office until he shall resign or shall be removed by the Community Board or otherwise be disqualified to serve or until his successor shall be elected and qualified.

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

8.4 Removal and Resignation. Any officer may be removed, either with or without cause, by the vote of a majority of all the Community Directors then in office at any regular or special meeting of the Community Board at which a quorum is present. Any officer may resign at any time by giving written notice to the Community Board or to the president or to the Secretary of the Community Association. Subject to the provisions of this Section, any such resignations shall take effect as of the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

8.5 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause may be filled by appointment of the Community Board.

8.6 President. The president shall be the chief executive of the Community Association and shall, subject to the control of the Community Board and the provisions of the Declaration have general supervision, direction and control of the business and officers of the Community Association. The president may, but need not, be the Chairman of the Board. He shall be an ex-officio member of all standing committees, if any, and shall have the general powers and duties of management usually vested in the office of the President of a corporation, and shall have such other powers and duties as may be prescribed by the Community Board or these Community Bylaws. Without limiting the generality of the foregoing, the President shall sign all leases, mortgages, deeds of trust and other written instruments and shall co-sign all checks and promissory notes of the Community Association.

8.7 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 the powers of, and be subject to all the restrictions upon, the office of 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 Community Board or the Community Bylaws.

8.8 Secretary. The Secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the Community Board may order, of all meetings of the Members, with the time and place of the holding of same, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present or represented at meetings and the proceedings thereof. The Secretary shall keep, or cause to be kept, at the principal office, a membership register showing the following: (a) the names and addresses of all members of the Community Board; (b) the names of the Members and their addresses; (c) the property to which each membership relates; (d) the number of memberships held by each Member; (e) the number of votes represented by each Member; (f) the number and date of membership certificates issued, if any; and (g) the number and date of cancellation of membership certificates, if any. The Secretary shall give, or cause to be given, notice of all meetings of Members and of the Community Board required by these Community Bylaws or by law to be given, and he shall keep the seal of the Community Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Community Board or by these Community Bylaws.

8.9 Chief Financial Officer. The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Community Association. The books of account shall, at all reasonable times, be open to inspection by any Community Director or by any Member. The Chief Financial Officer shall deposit all monies and other valuables in the name and to the credit of the Community Association with such depositories as may be designated by the Community Board. The Chief Financial Officer shall disburse the funds of the Community Association as may be ordered by the Community Board, shall render to the President and Community Directors, whenever they request it, an account of all his transactions as Chief Financial Officer and of the financial condition of the Community Association, shall co-sign all checks and promissory notes of the Community Association and shall have such other powers and perform such other duties as may be prescribed by the Community Board or these Community Bylaws.

ARTICLE IX AMENDMENTS

9.1 Prior to Termination of Class B Votes. Prior to termination of Class B Membership, if Declarant is still entitled to three (3) votes for each Lot owned by Declarant or Merchant Builders, these Community Bylaws may be amended only with the vote or written consent of Declarant and of Members entitled to cast at least fifty-one percent (51%) of the voting power residing in Members other than Declarant and Merchant Builders. In addition to the foregoing, so long as there is a Class B membership in the Community Association, any amendment to these Community Bylaws shall require the prior approval of the Veterans Administration. A draft of any amendment should be submitted to the Veterans Administration for its approval prior to its approval by the Members.

9.2 Subsequent to Termination of Class B Votes. Subsequent to termination of Class B Membership, if Declarant is no longer entitled to three (3) votes for each Lot owned by Declarant or Merchant Builders, as provided in the Declaration, these Community Bylaws may be amended only with the vote or written consent of Members entitled to cast at least fifty-one percent (51%) of the voting power of the Community Association. The percentage of the Redhawk Voting Power or of members other than the Declarant and Merchant Apartment Owners necessary to amend a specific clause or provision in these Community Bylaws shall not be less than the prescribed percentage of the voting power of the Community Association required for action to be taken under that clause or provision.

9.3 Compliance with Business and Professions Code. Notwithstanding any other provision in this Article 9, the adoption of any amendment to these Community Bylaws shall comply with the provisions of California Business and Professions Code Section 11018.7 to the extent that said section is applicable.

ARTICLE X COMMUNITY ASSOCIATION'S ACCOUNTS, BOOKS AND RECORDS

10.1 Community Association Accounts.

10.1.1 Balance Sheets - Operating Statements. The Community Board shall prepare or cause to be prepared and distribute to each Owner copies of the budgets, balance sheets, operating statements and other information described below.

(i) Budget. The Community Board shall prepare a pro-forma operating statement ("Budget") for each fiscal year, which Budget shall be distributed to each Owner not less than forty-five (45) days and not more than sixty (60) days prior to the beginning of each fiscal year. The Budget shall contain the following information:

- (a) Estimated revenue and expenses on an accrual basis;
- (b) The amount of the total cash reserves of the Community Association currently available for replacement or major repair of common facilities and for contingencies;

(c) An itemized estimate of the current replacement costs of the remaining life of, and the methods of funding to defray repair, replacement or additions to major components of the Community Common Area for which the Community Association is responsible; and

(d) A general statement setting forth the procedures used by the Community Board in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the Community Common Area for which the Community Association is responsible. The Budget shall include reserves for major repairs and replacement for each operational facility and Improvement located on the Community Common Area. The Budget for the initial fiscal year shall be prorated for the balance of the year remaining. The Community Board shall assess the total operating expenses determined by the Budget to all assessable Owners as a Regular Assessment, allocated as specified in the Section of this Article entitled "Allocation of Regular Assessments".

In lieu of the distribution of the pro-forma operating statement described above to all Members, the Community Board may elect to distribute a summary of such statement to the Members with a notice that the actual statement is available at the business office of the Community Association or another suitable location within the Redhawk Project and the copies will be provided upon request of the Community Board, at the Community Association's expense. If any Member requests a copy of the pro-forma operating statement required to be distributed as provided above, the Community Association shall provide it to the Member by first-class United States mail at the community Association's expense within five (5) days following a request therefor by the Member. The written notice that is distributed to each Member shall be in at least 10-point bold type on the front page of the summary of the pro-forma operating statement.

(ii) Annual Report. An annual report shall be distributed within one hundred twenty (120) days after the close of each fiscal year which annual report shall consist of the following: (i) a balance sheet as of the end of the fiscal year, (ii) an operating (income) statement for the fiscal year, (iii) a statement of changes in financial position for the fiscal year and (iv) any information required to be reported under Section 8222 of the California Corporations Code, or any successor statute or law. The annual report shall be prepared by an independent accountant for any fiscal year in which the gross income to the Community Association exceeds Seventy-Five Thousand Dollars (\$75,000.00). If the report is not prepared by an independent accountant, it shall be accompanied by a certificate of an authorized officer of the Community Association that the statements were prepared without audit from the books and records of the Community Association.

(iii) Balance Sheet and Operating Statement. A balance sheet prepared as of an accounting date ("Accounting Date") which shall be the last day of the month closest in time to six (6) months from the first sale of a Lot to an Owner, other than Declarant or Builders, and an operating statement which has been prepared for the period from the date of the first sale of a Lot to an Owner other than Declarant or a Builder to the Accounting Date shall be distributed within sixty (60) days after said Accounting Date. Said operating statement for the first six (6) months accounting period shall include a schedule of assessments received or receivable itemized by Lot number and by name of the person or entity assessed.

(iv) Community Association Policies. A statement setting forth the Community Association's policies and practices in enforcing the lien rights or other

legal remedies for the default in the payment of Community Assessments against Members, including the recording and foreclosing of liens, shall be delivered to each Member within sixty (60) days prior to the beginning of each fiscal year.

10.1.2 Review of Accounts. The Community Board shall, not less frequently than on a quarter-annual basis, perform the following:

(i) cause a current reconciliation of the Community Association's operating accounts and reserve accounts to be made and review the same;

(ii) review the current year's actual reserve revenues and expenses compared to the current year's Budget;

(iii) review the most current account statements prepared by the financial institution where the Community Association has its Maintenance and Operation Fund and Reserve Fund; and

(iv) review an income and expense statement for the Community Association's Maintenance and Operation Fund and Reserve Fund.

10.1.3 Audit. Any Merchant Builder, Neighborhood Association or Mortgagee may, upon written request, at any reasonable time, and at the sole cost and expense paid in advance by the party requesting an audit or inspection, cause an audit or inspection to be made of the books and records of the Community Association, provided, however, that not more than a total of three (3) such audits may be performed in any fiscal year. The Community Board shall obtain such other audits as required by the Community Bylaws.

10.1.4 Notice to Mortgagees. Copies of each such balance sheet, operating statement and annual report for the Community Association shall be mailed to any Mortgagee who has requested in writing that such copies be sent to it.

10.2 Inspection of Association Books and Records.

10.2.1 Community Board Rules Regarding Inspection of Records. The Community Board shall establish by resolution reasonable rules with respect to:

(i) notice to be given to the custodian of the records of the Community Association by the Member, representative or Mortgagee desiring to make an inspection;

(ii) hours and days of the week when an inspection may be made; and

(iii) payment of the cost of reproducing copies of documents requested by a Member or by a representative or Mortgagee.

10.2.2 Director's Rights. Every director of the Community Association shall have the absolute right at any reasonable time to inspect all books, records and documents of the Community Association and the physical properties owned or controlled by the Community Association. The right of inspection by a director includes the right to make extracts and copies of documents.

ARTICLE XI

GENERAL PROVISIONS

11.1 Checks, Drafts, etc. Except as otherwise set forth herein, 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 Community Association, shall be signed or endorsed by the President and Chief Financial Officer or by such persons and in such manner as, from time to time, shall be determined by resolution of the Community Board. Withdrawal of funds from the Community Association's Reserve Account in excess of One Hundred Dollars (\$100) shall require written authorization by either (a) two (2) members of the Community Board or (b) one (1) member of the Community Board and an officer of the Community Association who is also a member of the Community Board.

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

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

11.4 Singular Includes Plural. Wherever the context of these Community Bylaws requires same, the singular shall include the plural and the masculine shall include the feminine.

11.5 Fiscal Year. Unless otherwise selected by the Community Board, the fiscal year of the Community Association shall begin on the first day of January and end on the 21st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

11.6 Conflicts. In the case of any conflict between the Community Articles and these Community Bylaws, the Community Articles shall control; and in the case of any conflict between the Declaration and these Community Bylaws, the Declaration shall control. To the extent that there are any internal conflicts or omissions within this document which cannot be resolved by reference to the Community Declaration or Community Articles, the specific conflict or omission shall be resolved by following the guidance of the California Corporations Code, Sections 7110-8338, and its successor statutes or amendments.

11.7 Reserves. Any amounts collected by or paid to the Community Association in excess of operational needs shall be either (a) set aside as reserves for future financial needs in the manner set forth in the Declaration in an account acceptable to the Community Board or (b) the Community Board may elect to refund all or part of such surplus or elect to carry over such surplus to future assessment periods and apply such surplus to reduce future assessments.

CERTIFICATE OF SECRETARY

KNOW ALL MEN BY THESE PRESENTS:

The undersigned, Secretary of REDHAWK COMMUNITY ASSOCIATION, a California non-profit corporation, does hereby certify that the above and foregoing Restated Community Bylaws were duly adopted by the Board of Directors and Members of said association on _____, 2002, and that they now constitute said Redhawk Community Association Bylaws.

Date: 1-29-2002

George Tsotsos
Secretary

GEORGE TSOTSOS
(Print Name)