

Recording Requested By:

Donna Sue Water Company

When Recorded Mailed To:

Raymond S. Miller  
407 Jean Street  
Ridgecrest, CA 93555

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BYLAWS FOR THE REGULATION,  
EXCEPT AS OTHERWISE PROVIDED BY STATUTE  
OR BY ITS ARTICLES OF INCORPORATION  
OF  
DONNA SUE WATER COMPANY  
A CALIFORNIA MUTUAL BENEFIT CORPORATION

ARTICLE I

The name of this corporation is and shall be the DONNA SUE WATER COMPANY and for convenience shall be referred to hereinafter as the "Company".

ARTICLE II  
OFFICES

Section 1. Principal office. The principal office for the transaction of the business of the Company is hereby fixed and located at 407 JEAN Street, in the City of Ridgecrest, State of California, County of Kern. The Board of Directors is hereby granted full power and authority to change said principal office from one location to another in said county. Any such change shall be noted on the bylaws opposite this section, or this section may be amended to state the new location.

Section 2. Other Office. Branch or subordinate offices may at any time be established by the Board of Directors at any place or places where the Corporation is qualified to do business.

ARTICLE III  
OBJECTS AND PURPOSES

The objects and purposes of the Company shall be to develop, distribute, supply and deliver water for domestic, municipal and irrigation uses or any one of such uses to its shareholders at cost and to no one except its shareholders, or to the State or any agency or department thereof, or to any school district, or to any other mutual water company at cost.

The Company shall be authorized to do whatever may be deemed necessary, conducive, incidental or advisable to accomplish and promote the said objects or purposes, including but not limited to:

- (a) Constructing, leasing, maintaining and operating water system facilities;
- (b) Acquiring, owning, leasing or developing water, water rights or water bearing lands;
- (c) Paying all taxes utilities, charges, assessments by which to further the foregoing objects and purposes; and to do any other act or thing in any way connected with the foregoing or related to the objects and purposes of the Company.

#### ARTICLE IV SHAREHOLDERS

Section 1. Shareholders. Shareholders of the Company shall be limited to the owner or owners of one (1) lot or parcel of real property within the real property in the County of Kern, State of California more particularly described as:

Parcel 1, 2, 3, and 4 of Parcel Map 8224, in the unincorporated area of the County of Kern, State of California, as per Map recorded June 23, 1988 in Book 36, Page 42 of Parcel Maps in the office of the County Recorder of said County.

Parcel 1, 2, 3, and 4 of Parcel Map 8228, in the unincorporated area of the County of Kern, State of California, as per Map recorded February 25, 1988 in Book 35, Page 123 of Parcel Maps in the office of the County Recorder of said County.

Parcel 1, 2, 3, and 4 of Parcel Map 8229, in the unincorporated area of the County of Kern, State of California, as per Map recorded January 29, 1988 in Book 35, Page 90 of Parcel Maps in the office of the County Recorder of said County.

Parcel 1, 2, 3, and 4 of Parcel Map 8231, in the unincorporated area of the County of Kern, State of California, as per Map recorded May 23, 1988 in Book 36, Page 14 of Parcel Maps in the office of the County Recorder of said County.

A purchaser or any lot or parcel of land under contract shall also be deemed to be an owner for the purposes of these bylaws. A lot or parcel of land held as community property shall qualify the owners thereof for one (1) share certificate only in the Company, which share shall be in the name of the husband as manager of the community property. As to any lot or parcel of land held in joint tenancy, tenancy in common, or in the name of a partnership or in any other way, only one (1) person of any number of such co-owners shall be a shareholder of this corporation.

Section 2. Eligibility for Holding Stock. All persons who become owners of lots or parcels of property, as defined and described in Section 1 of this Article IV shall, by reason of such ownership become shareholders of the Company and be issued one share certificate in the Company for each lot or parcel so owned. In addition, the Board of Directors of the Company is empowered to issue additional shares as needed.

Section 3. Voting Rights. Each shareholder shall be entitled to one vote for each share certificate of an improved parcel held on each matter submitted to the vote of the shareholders. No distinction shall exist between the shareholders except that a shareholder must be in good standing and the parcel which the certificate represents must be improved in order to vote his share certificate. Shareholders may cumulate their votes for directors as provided in Corporations Code Section 2235.

Section 4. Suspension. The Board of Directors may, by affirmative vote of two-thirds of all members of the Board, suspend a stockholder for cause after an appropriate hearing and by a majority vote of those present at any regularly constituted meeting, and may temporarily suspend the share certificate of any shareholder who becomes in default in the payment of assessments for the period fixed in Article XIV of these bylaws.

Section 5. Resignation. Any shareholder may cancel his share or shares by filing a written cancellation with the Secretary but such cancellation shall not relieve the shareholder so canceling of the obligation to pay any dues, assessments or other charges theretofore accrued and unpaid.

Section 6. Release of Suspension. Upon written request signed by a suspended shareholder and filed with the Secretary, the Board of Directors may remove the suspension of a suspended shareholder's share upon such terms as the Board of Directors may deem appropriate.

Section 7. Transfer of Shares. Shares in this Company are transferable or assignable only with the transfer or assignment of the lot or parcel of land to which it attaches, or by agreement of a majority of the Board of Directors.

Section 8. Right and Liabilities. No shareholder of the Corporation shall have any right, title or interest in or to any property or assets of the Corporation, except upon dissolution.

The personal property of the shareholders shall be exempt from execution or other liability for any debts of the Corporation and no shareholder shall be liable or responsible for any debts or liabilities of the Corporation.

## ARTICLE V MEETINGS

Section 1. Place of meeting. The Board of Directors may designate any place either within or without the State of California, as the place of meeting for any annual meeting or for any special meeting. If no designation is made, the place of meeting shall be the principal office of the Company; but if all the shareholders shall meet at any time and place, either within or without the State of California, and consent to the holding of a meeting before or after the meeting, such meeting shall be valid without call or notice, and at such meeting any Company action may be taken.

Section 2. Annual Meeting. The annual meeting of shareholders shall be held on the second Tuesday in the month of April of each year, beginning with the year 1993 for the

purpose of electing directors, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations of the annual meeting. If the day fixed of the meeting shall fall on a legal holiday, such meeting shall be held on the next succeeding business day. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Corporation and in the event of such failure, the annual meeting shall be held within a reasonable time thereafter.

Section 3. Special Meetings. Special meetings of the shareholders may be called by a resolution of the Board of Directors or by shareholders holding not less than one-fifth of the total voting power, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided.

Section 4. Notice of Meetings. Written notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose for which the meeting is called, shall be delivered not less than ten days, nor more than thirty-five days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon his default, by any director or by the persons calling the meeting, to each shareholder. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the shareholder at his address as it appears on the records of the Corporation, with postage thereon prepaid. The failure of any shareholder to receive notice of an annual or special meeting of the shareholders shall not invalidate any action which may be taken by the shareholders at any such meeting.

Section 5. Quorum. A majority of the total number of shareholders (present in person or by proxy) shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person or by proxy may adjourn the meeting from time to time without further notice.

Section 6. Voting. Each shareholder shall be entitled to one vote upon each matter submitted to a vote at a meeting of the shareholders. All questions shall be decided by a vote of a majority of the shareholders voting thereon in person or by proxy, except as otherwise provided by law, the Articles of Incorporation or these Bylaws. The manner of voting may be by ballot, mail, or any reasonable means provided in these bylaws and amendments thereto or as directed by the Board of Directors.

Section 7. Proxies. At any meeting of shareholders, a shareholder entitled to vote may vote by proxy executed in writing by the shareholder or by his duly authorized attorney in fact. No proxy shall be valid after 11 months from the date of its execution, unless otherwise provided in the proxy. No proxy shall be binding on a purchaser of the property from the grantor of the proxy.

Section 8. Informal action. Any action required by law to be taken at a meeting of the shareholders, or any action which may be taken at a meeting of shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken shall be signed by all the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE VI  
DIRECTORS

Section 1. General Powers. The business and affairs of the company shall be managed by a Board of Directors of the Company which shall exercise all of the powers of the Company except such as are by law, the Articles of Incorporation or these Bylaws conferred upon or reserved to the shareholders.

Section 2. Number, Tenure and Qualifications. The number of directors shall be three. Each director shall hold office until the next annual meeting of shareholders and until his successors shall have been elected and qualified. The time of election shall be specified by the Board of Directors and these bylaws for the annual meeting of shareholders. Directors will be elected by a plurality vote of the shareholders present at the election meeting.

Section 3. Vacancies. Vacancies may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director, and each director so elected shall hold office until his successor is elected at an annual meeting of directors.

A vacancy or vacancies shall be deemed to exist in case of the death, resignation or removal of any director, or if the authorized number of directors be increased, or if the shareholders fail, at any annual meeting of shareholders at which any director or directors are elected, to elect the full authorized number of directors.

The shareholders may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors. If the Board of Director accepts the resignation of a director tendered to take effect at a future time, the Board or the shareholders shall have the power to elect a successor to take office when the resignation is to become effective.

Section 4. Compensation and Fees. Directors and members of Committees may receive such compensation if any, for their services and such reimbursement for expenses as may be fixed or determined by the Board of Directors.

ARTICLE VII  
MEETING OF DIRECTORS

Section 1. Place of Meeting. The Board of Directors may designate the place of meeting, either within or without the State of California, as the place of meeting for any regular or special meeting. If no designation is made, the place of meeting shall be the principal office of the company; but if all members of the Board shall be present at any time and place and consent to the holding of a meeting before or after the meeting, such meeting shall be valid without call of notice, and at such meeting any Company action may be taken.

Section 2. Organizational Meeting. Immediately following each annual meeting of shareholders the board of Directors shall hold a regular meeting for the purposes of organization, election of officers and the transaction of other business. Notice of such meeting is hereby dispensed with.

Section 3. Regular Meetings. Other regular meetings shall be held without notice on the first Tuesday of each month at 7:00 o'clock p.m. of said day; provided should said day fall upon a legal holiday, then said meeting shall be held at the same time on the next day thereafter ensuing which is not a legal holiday. Notice of all such meetings is hereby dispensed with.

Section 4. Special Meetings. Special meetings of the Board may be called by the President, or if he is absent or unable or refuses to act by the Vice President or by any two directors.

Notice of any special meeting shall be given at least ten (10) days previously thereto by written notice delivered personally or sent by mail or telegram to each director at his address as shown by the records of the Company. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting either before or after said meeting in writing. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. The business to be transacted at the meeting need not be specified in the notice or waiver of notice or such meeting unless specifically required by law or by these Bylaws.

Section 5. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting, from time to time without further notice.

Section 6. Action. The act of a majority of the directors present at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these Bylaws.

Section 7. Notice of Adjournment. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place be fixed at the meeting adjourned.

Section 8. Waiver of Notice. The transaction of any meeting of the Board of Directors, 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 directors not present signs a written Waiver of Notice or a consent to holding such meeting, or if an approval shall be filed with the Corporate records or made a part of the minutes of the meeting.

Section 9. Adjournment. A quorum of the Directors may adjourn any Director's 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 any director's meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

ARTICLE VIII  
OFFICERS

Section 1. Generally. The officers of the company shall be a President, Vice-President, First Vice-President, Secretary and Treasurer. The corporation may also have, at the discretion of the Board of Directors a Chairman of the Board, one or more additional vice presidents, one or more assistant secretaries, one or more assistant treasurer and such other officers as may be appointed in accordance with the provisions of Section 2 of this article. One person may hold two or more offices, except those of President and Secretary.

Section 2. Election and Term of Office. The officers of the company shall be elected annually by the Board of Directors at the regular annual meeting of the Board of Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly elected and shall have qualified.

Section 3. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 4. Terms of Employment. The Board of Directors may appoint, employ, terminate, discharge, fix the compensation and provide the duties and powers of such officers, agents and employees including removal with or without cause, as in the sole judgment of the Board shall be advisable subject to the provisions of this article and the provisions of written contracts of employment if any.

Any officer may resign at any time by giving written notice to the Board or to the president or to the secretary of the Company. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; the acceptance of such resignation shall not be necessary to make it effective.

Such resignations shall be governed by the terms of the employment agreement, if any.

Section 5. Chairman of the Board. The Chairman of the Board, if there shall be such officer, shall, if present, preside at all meetings of the Board of Directors and exercise and perform such other powers and duties as may be from time to time assigned to him by the Board or prescribed by the Bylaws.

Section 6. President, The powers and duties of the President are as follows:

(a) He shall be the principal executive officer of the company and, unless otherwise determined by the members of the Board, shall preside at all meetings of the members and the Board;

(b) He may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws

to some other officer or agent of the company or shall be required by law to be otherwise signed or executed; and

(c) He shall in general perform all duties incident as may be prescribed by the Board from time to time.

Section 7. Vice-President. In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions placed upon the President. The Vice-President shall also perform such other duties as from time to time may be assigned to him by the Board or the President.

Section 8. First Vice-President. The First Vice-President shall assist the Vice-President in the carrying out of his duties and in general shall perform such other duties as from time to time may be assigned to him by the Board of the President.

Section 9. Secretary. The duties of the Secretary are as follows:

(a) He shall keep the minutes of the meeting of the members and of the Board in one or more books provided for that purpose;

(b) He shall see that all notices are duly given in accordance with these Bylaws or as required by law;

(c) He shall keep a register of the names and post office addresses of all shareholders.

(d) He shall be custodian of the corporate records;

(e) He shall have general charge of the books of the Company;

(f) He shall keep on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Company containing all amendments thereto (which copy shall always be open to the inspection of any shareholder and, at the expense of the company, forward a copy of the Bylaws and of all amendments thereto to each shareholder; and

(g) He shall in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board or the President.

Section 10. Treasurer. The duties of the Treasurer are as follows:

(a) He shall have charge and custody of and be responsible for all funds and securities of the company;

(b) He shall be responsible for the receipt of, and the issuance of receipts for, all monies due and payable to the Company and for the deposit of all such monies in the



name of the Company in such bank or banks as shall be selected in accordance with the provisions of the Bylaws; and

(c) He shall in general perform all duties incident to the office of the Treasurer and such other duties as from time to time may be assigned to him by the Board or the President.

Section 11. Subordinate Officers. The Board of Directors may appoint such other officers as the business of the Company may require including but not limited to assistant secretaries and assistant treasurer, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws or as the Board may from time to time determine.

## ARTICLE IX COMMITTEES

Section 1. Committees of Directors. The Board of Directors by resolution adopted by a majority of the directors in office, may designate one or more committees, each of which shall consist of two or more directors, which committees, to the extent provided in said resolution, shall have and exercise the authority of the Board in the management of the Company, but the designation of such committees and the delegation thereto of authority shall not operate to relieve the Board or any individual director, of any responsibility imposed upon it or him by law.

Section 2. Other Committees. Other committees not having and exercising the authority of the Board in the management of the Company may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, members of each committee shall be shareholders of the Company, and the President shall appoint the members thereof. Any member there may be removed by the person or persons authorized to appoint such member whenever in their judgement the best interest of the Company shall be served by such removal.

Section 3. Term of Office. Each member of a committee shall continue as such until the next annual meeting of the shareholders of the Company and until his successor is appointed, unless the committee shall be sooner terminated, or unless such member be removed from such committee, or unless such member shall cease to qualify as a member thereof.

Section 4. Chairman. One member of each committee shall be appointed chairman by the person or persons authorized to appoint the members thereof.

Section 5. Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

Section 6. Quorum. Unless otherwise provided in the resolution of the Board of

Directors designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

Section 7. Rules. Each committee may adopt rules for its own government not inconsistent with these Bylaws or with the rules adopted by the Board of Directors.

## ARTICLE X FINANCIAL MATTERS

Section 1. Contracts. Except as otherwise provided in these Bylaws, the Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instruments in the name and on behalf of the Company, and such authority may be general or confined to specific instances.

Section 2. Checks, drafts, etc. All checks, drafts, or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Company shall be signed by such officer or officers, agent or agents, employee or employees of the Company and in such manner as shall from time to time be determine by resolution of the Board.

Section 3. Deposits. All funds of the Company shall be deposited from time to time to the credit of the Company in such bank or banks as the Board may elect.

Section 4. Fiscal Year. The fiscal year of the Company shall begin on the first day of May of each year, and shall end on the 30th day of April of each year.

Section 5. Gifts. The Board of Directors may accept on behalf of the Company any contribution, gift, bequest or devise for the general purposes, or any special purpose of the Company.

## ARTICLE XI SHARE CERTIFICATES

Section 1. Share Certificates of the company shall be in such forms as the Board of Directors shall designate and shall be issued over the signature of the President and Secretary. A certificate book shall be maintained which shall contain a margin on which shall be shown the number, date and name of the shareholder, as set forth in the corresponding certificate.

Section 2. Share certificates of the Company shall be appurtenant to the lots and real property as the same are described and set forth above in Article IV of these Bylaws and shall not be transferrable except with the conveyance of the lot or other real property for which said certificate is issued. No fractional certificates shall be issued. Such conveyance shall effect the transfer of the certificate appurtenant to that particular lot or real property to its purchaser.

Section 3. Share certificates of the Company are not transferrable or assignable except as specifically provided in these Bylaws.

Section 4. All transfers of such certificates shall be subject to a transfer fee of Twenty-five Dollars (\$25.00) and to the payment of all indebtedness to the Company of the shareholder whose certificate is transferred.

## ARTICLE XII ASSESSMENTS

Section 1. Assessments for the installation, depreciation, maintenance and operation of the pipelines and water system owned by the company may be levied by the Board on the shareholders from time to time as deemed necessary and any such assessments shall be delinquent thirty (30) days from the date of the call there for mailed postage prepaid from the office of the Company to such shareholders at their addresses on file with the Secretary.

Section 2. Delinquent Assessments shall be subject to such penalties as may be fixed by the Board. Failure of any shareholder to pay any assessment when due may in the discretion of the Board constitute grounds for a temporary suspension of the right to use water from the company system. However, the defaulting member shall be entitled to a hearing before the Board at a time and place to fixed by the Board, and the decision of the Board at any such hearing shall be final. The period of suspension shall only run during the period of time bills due the company are not paid. Prompt restoration of service and use of the facilities shall be restored upon full satisfaction of bills due including any late fees or charges assessed.

## ARTICLE XIII OPERATION OF WATER SYSTEM

Section 1. The Board of Directors shall appoint a watermaster whose duties may include, but are not limited to: (a) supervising and assisting in the installation of pipelines, water connections and other works of the Company and (b) supervising the distribution of water. Subject to the approval of the Directors, the Watermaster may employ such assistants as may be necessary. He shall render a report to the President and Directors annually (or oftener if so required) setting forth the result of Company operations and shall perform such other duties as the President of the Board may require.

Section 2. Limitation on Use of Water. Water produced, acquired and/or distributed by this Company shall be sold, distributed, supplied, or delivered only to owners of its shares and to the lands to which such shares are appurtenant as provided in the Articles of Incorporation of this corporation. Any such waters sold, distributed, supplied or delivered must be used upon the lands to which such shares are appurtenant and the Board of Directors of this corporation shall have full power for the equal allocation thereof. Notwithstanding the above provisions, this corporation may sell water to the state, or any department or agency thereof or to any school district or to any public agency or to any other mutual water company or during an emergency resulting from fire or other disaster involving danger to public health or safety at the same rate as to holders of shares of this corporation and as otherwise provided under the terms and provisions of this corporation and as otherwise provided under the terms and provisions of Section 330.24 of the Civil Code of the State of California.

ARTICLE XIV  
MISCELLANEOUS

Section 1. Agent for Service of Process. The agent for service of process shall be Raymond S. Miller, 407 Jean Street, Ridgecrest, California 93555.

Section 2. Waiver of Notice. Any shareholder or Director may waive in writing any notice of a meeting required to be given by these Bylaws, the Articles of Incorporation or the General Corporation Law of California. The attendance of a shareholder or Director at any meeting shall constitute a Waiver of Notice of such meeting by such shareholder or director, except in case a shareholder or director shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

Section 3. Rules and Regulations. The Board of Directors shall have power to make and adopt such rules and regulations not inconsistent with law, the Articles of Incorporation or these Bylaws, as it may deem advisable for the management of the business and the affairs of the company.

Section 4. Accounting system and Reports. The Board shall cause to be established and maintained, in accordance with generally accepted principles of accounting an appropriate accounting system and books of account.

The Board shall cause an annual report to be sent to the shareholders not later than 120 days after the close of the fiscal year. Such report shall contain a balance sheet as of the end of such fiscal year and an income statement and statement of changes in financial position for such fiscal year, accompanied by any report thereon of independent accountants or, if there is no such report, the certificate of an authorized officer of the corporation that such statements were prepared without audit from the books and records of the corporation.

Section 5. Record Date and Closing of Share Certificate Book. The Board of Directors may fix a time, in the future, not exceeding 30 days prior to the date of any meeting of shareholders or the date for any other action affecting the shareholders as a record date for the determination of the shareholders entitled to notice of and to vote at such meeting, or entitled to receive the benefit of any such other action and in such case only shareholders of record on the date so fixed shall be entitled to notice of and to vote at such meeting or to receive such benefit, as the case may be, notwithstanding any transfer of any share certificates on the books of the Company after any record date fixed as aforesaid.

Section 6. Inspection of Company Records. The share certificate book, the books of account, the Bylaws and the minutes of proceedings of shareholders and directors and of the executive, if any, and other committees of the directors shall be open to inspection upon the written demand of any shareholder at any reasonable time, and for a purpose reasonable related to his interest as a shareholder, and shall be exhibited at any time when required by the demand at any shareholders meeting of ten percent of the shareholders represented at the meeting. Such inspection may be made in person or by an agent or attorney, and shall include the right to make extracts. Demand of inspection other than at a shareholders meeting shall be made in writing upon the President, Secretary or General Manager, if any,

of the Company.

Section 7. Reports to shareholders. Annual reports as required by law, if any, will be given to shareholders and in any event the Board of Directors may cause to be sent to the shareholders annual or other periodic reports in such form as may be deemed appropriate by the Board.

Section 8. Construction and Definitions. Unless the context otherwise requires, the general provisions, rules of construction, and definitions contained in the California General Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the foregoing, the masculine gender includes the feminine and neuter, the singular number includes the plural number and the plural number includes the singular, and the term person includes corporation as well as a natural person.

#### ARTICLE XV DISSOLUTION

In the event of the dissolution of the company, each shareholder shall receive his pro rata portion of the Company property and assets after all of the Company's debts and liabilities have been paid or provided for.

#### ARTICLE XVI AMENDMENT

Section 1. Except as otherwise provided by law or by the Articles of Incorporation, new Bylaws may be adopted or these Bylaws may be amended or repealed by the vote or the written assent of shareholders entitled to exercise a majority of the voting power of the Company.

Section 2. Subject to the right of shareholders to adopt, amend or repeal Bylaws as hereinabove provided, Bylaws other than a Bylaw or amendment thereof changing the authorized number of Directors, may be adopted, amended or repealed by the Board of Directors.

Section 3. This provision including the following ten subpoints may not be amended except by a two-thirds vote of all eligible voters. Within the first year of this company, amendment of this provision shall also require the approval of HUD. These ten points shall not be changed except as provided within this section:

1. This company shall be nonprofit and incorporated.
2. The Articles of Incorporation shall limit the purpose of the company to necessary functions and services to be provided by the company. Funds collected for domestic water or sanitary sewer assessments, dues, or service charges shall be disbursed only in payment for expenses of these systems.
3. The Articles of Incorporation and By-Laws shall provide for membership in the association for each owner of an improved property in the development. Such membership shall at all times be identified with the owner of the property or properties and shall not be subject to the approval of the Board of Directors or other members.

4. The Articles of Incorporation and By-Laws shall provide for voting rights in the company proportionate to the number of improved properties served by the system and owned by the members.

5. No expulsion of members or cancellation of voting rights shall be permitted.

6. Suspension of services provided by, or use of facilities of, the company shall be permitted for the period of time bills due the company are not paid. Liens for nonpayment of bills are permitted. When provision for suspension is included, there must be provision for prompt restoration of service or use of company facilities.

7. The company must own the system. No lease arrangement is acceptable.

8. The Articles of Incorporation and/or By-Laws shall provide for proxy voting, but proxies shall not be valid beyond eleven months nor shall they be binding upon the purchaser of the property from the grantor of the proxy.

9. Voting rights must be restricted to property with improvements only.

10. No provisions restricting ownership of improved properties may be contained in the Articles of Incorporation and/or the By-Laws.

--End--

THIS IS TO CERTIFY:

That I am the duly-elected, qualified and acting Secretary of the above-named corporation; that the foregoing By-Laws were adopted as the By-Laws of said corporation on 13 APRIL 1993 by a vote of shareholders entitled to exercise a majority of the voting power of the Company.

IN WITNESS WHEREOF, I have hereunder set my hand this 13<sup>th</sup> day of APRIL, 1993.

Anna Marie Bergens  
Anna Marie Bergens, Secretary