



State of California
Secretary of State

I, BRUCE McPHERSON, Secretary of State of the State of California, hereby certify:

That the attached transcript of 2 page(s) has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.



IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

JUL 12 2006

BRUCE McPHERSON
Secretary of State

**ARTICLES OF INCORPORATION
OF
MARTIS CAMP CLUB**

ENDORSED - FILED
in the office of the Secretary of State
of the State of California

JUL 06 2006

Article 1. Name. The name of the corporation is Martis Camp Club (the "**Corporation**").

Article 2. Applicable Law; Purposes. This Corporation is a nonprofit mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Law. The purpose of this Corporation is to engage in any lawful act or activity, other than the credit union business, for which a corporation may be organized under such law. The Corporation does not contemplate pecuniary gain or profit, direct or indirect, to its members. By way of explanation and not limitation, the Corporation is formed for the specific purposes of acquiring, owning and operating a private country club and related facilities exclusively for the pleasure and recreation of its members and their guests and to provide an entity for the furtherance of the interests of its members.

Article 3. Powers.

(a) In furtherance of its purposes, the Corporation shall have the following powers, which, unless indicated otherwise by the By-Laws, may be exercised by its board of directors:

(i) all of the powers conferred upon nonprofit mutual benefit corporations by common law and the statutes of the State of California in effect from time to time; and

(ii) all of the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set out in these Articles of Incorporation and the Corporation's bylaws ("**Bylaws**").

(b) Notwithstanding any of the above statements of purposes and powers, this Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purposes of this Corporation.

Article 4. Membership. The Corporation shall be a membership corporation without certificates or shares of stock. The Corporation initially shall have four classes of membership, Golf Membership, Social Membership, Honorary Membership, and Sponsor Membership, the rights and privileges of which shall be specified in the Bylaws.

Article 5. Board of Directors. The Corporation's business and affairs shall be conducted, managed, and controlled by a Board of Directors. The number, the method of selection, removal, and filling of vacancies on the Board of Directors, and the term of office of directors, shall be as set forth in the By-Laws.

Article 6. Indemnification of Directors. Subject to the terms of CALIFORNIA CORPORATION CODE §7237, the Corporation shall indemnify its agents as and to the extent required by the By-Laws. No amendment to or repeal of this Article shall affect the Corporation's obligation to indemnify for any acts or omissions occurring prior to such amendment or repeal.

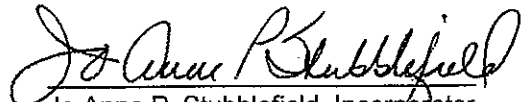
Article 7. Dissolution. The Corporation may be dissolved in accordance with the procedures set forth in the Nonprofit Mutual Benefit Corporation Law.

Article 8. Merger and Consolidation. The Corporation may merge or consolidate in accordance with the procedures set forth in the Nonprofit Mutual Benefit Corporation Law.


Article 9. Amendments. These Articles may be amended only (i) upon a resolution duly adopted by the Board of Directors; and (ii) approval by the affirmative vote or written consent, or any combination thereof, of members entitled to cast at least 67% of the total voting power of the membership pursuant to the Bylaws and, until all Golf Memberships authorized by the Bylaws are issued and outstanding, the approval of the Sponsor Membership. Notwithstanding the above, the percentage of votes necessary to amend any clause of these Articles shall not be less than the prescribed percentage or number of affirmative votes required for action to be taken under that clause.

Article 10. Agent for Service of Process. The name of the Corporation's initial agent for service of process is Mark E. Johnson and the address of the agent is 12313 Soaring Way, Suite 1B, Truckee, California 96161.

IN WITNESS WHEREOF, the undersigned incorporator has executed these Articles of Incorporation this 12th day of July, 2006.


Jo Anne P. Stubblefield, Incorporator

I declare that I am the person who executed the above Articles of Incorporation and such instrument is my act and deed.


Jo Anne P. Stubblefield

560901/club/arts/071206/jps





AMENDED BYLAWS OF
MARTIS CAMP CLUB

EFFECTIVE SEPTEMBER 26, 2016

- TABLE OF CONTENTS -

	<u>page</u>
ARTICLE I GENERAL PROVISIONS.....	1
1.01 PURPOSE.....	1
1.02 PRINCIPAL OFFICE.....	1
1.03 DEFINITIONS.....	1
ARTICLE II MEMBERSHIPS.....	4
2.01 OWNERSHIP OF MEMBERSHIPS.....	4
2.02 CLASSES OF MEMBERSHIP.....	4
2.03 EXERCISE OF MEMBERSHIP PRIVILEGES.....	6
2.04 AVAILABILITY OF MEMBERSHIPS.....	8
2.05 APPLICATION AND ADMISSION OF MEMBERS.....	8
2.06 EVIDENCE OF MEMBERSHIP.....	11
2.07 RESTRICTION ON TRANSFER OF MEMBERSHIPS.....	12
2.08 RESIGNATION AND REPURCHASE OF MEMBERSHIPS.....	14
2.09 CONVERSION OF MEMBERSHIPS.....	16
2.10 RIGHTS OF MEMBERS UPON SALE OR DISSOLUTION.....	17
2.11 NO DISCRIMINATION.....	17
ARTICLE III MEMBERSHIP MEETINGS AND VOTING RIGHTS	17
3.01 PLACE OF MEETINGS.....	17
3.02 ANNUAL MEETINGS OF THE MEMBERS.....	17
3.03 SPECIAL MEETINGS OF THE MEMBERS.....	18
3.04 NOTICE REQUIREMENTS FOR MEMBERSHIP MEETINGS.....	18
3.05 QUORUM REQUIREMENTS.....	19
3.06 RECORD DATES FOR NOTICE AND VOTING.....	19
3.07 APPROVAL OF MEMBERS.....	19
3.08 VOTING AND PROXIES.....	19
3.09 CONSENT OF ABSENTEE MEMBERS.....	19
3.10 ACTION BY WRITTEN BALLOT.....	19
3.11 ROBERTS' RULES OF ORDER.....	20
ARTICLE IV BOARD OF DIRECTORS	21
4.01 NUMBER AND QUALIFICATIONS.....	21
4.02 NOMINATION OF DIRECTORS.....	21
4.03 ELECTION AND TERM OF OFFICE.....	21
4.04 REMOVAL OF DIRECTORS.....	22
4.05 VACANCIES.....	22
4.06 MEETINGS OF BOARD OF DIRECTORS.....	23
4.07 POWERS OF DIRECTORS.....	23
4.08 COMPENSATION.....	25
4.09 INTERPRETATION OF BYLAWS.....	25
4.10 INDEMNIFICATION.....	25
ARTICLE V OFFICERS.....	25
5.01 ELECTION.....	25
5.02 PRESIDENT.....	26
5.03 VICE PRESIDENT.....	26
5.04 TREASURER.....	26
5.05 SECRETARY.....	26
5.06 OTHER OFFICERS.....	26
5.07 DUTIES OF OFFICERS.....	26
ARTICLE VI COMMITTEES.....	27
6.01 GENERAL PROVISIONS.....	27
6.02 STANDING COMMITTEES.....	27

6.03	OTHER ADVISORY COMMITTEES.	27
6.04	AD HOC COMMITTEES.....	28
ARTICLE VII MEMBERSHIP FEES		28
7.01	INITIAL MEMBERSHIP CONTRIBUTION.....	28
7.02	PERIODIC DUES AND FEES.....	28
7.03	ASSESSMENTS.....	29
7.04	DELINQUENCIES.....	29
ARTICLE VIII DISCIPLINE		30
8.01	CONDUCT OF MEMBERS; AUTHORITY TO DISCIPLINE.	30
8.02	CHARGES AND HEARING.....	30
8.03	ACTION BY BOARD OF DIRECTORS.....	31
8.04	EXPULSION PROCEDURE.	31
8.05	APPEALS PROCEDURES.....	31
8.06	NO LIABILITY.	31
ARTICLE IX RIGHTS OF SPONSOR		32
ARTICLE X MISCELLANEOUS.....		33
10.01	FISCAL YEAR.....	33
10.02	CONFLICTS.	33
10.03	COMPLAINTS.....	33
10.04	CLUB'S REMEDIES NONEXCLUSIVE.	33
10.05	GENDER.....	34
10.06	SEVERABILITY.....	34
10.07	NOTICE.	34
10.08	MEMBERSHIP LIST.....	34
10.09	TAXES.....	34
10.10	CORPORATE SEAL	34
10.11	AMENDMENTS.....	34

BYLAWS OF
MARTIS CAMP CLUB

ARTICLE I
GENERAL PROVISIONS

1.01 PURPOSE.

Martis Camp Club is a California nonprofit mutual benefit corporation (the "**Club**") organized for the primary purpose of acquiring, owning and operating a private country club and related facilities exclusively for the pleasure and recreation of its members and their guests and to provide an entity for the furtherance of the interests of its members

1.02 PRINCIPAL OFFICE.

The principal office for the transaction of business of the Club shall be located at such place in Placer County or Nevada County, California, as the Board of Directors may designate.

1.03 DEFINITIONS.

The terms used in these Bylaws shall generally have their natural, commonly understood meanings or the meanings specified in the California Nonprofit Mutual Benefit Corporation Law, unless otherwise specified herein. As used in these Bylaws, capitalized terms shall have the following meanings:

(a) "**Articles**" means the Articles of Incorporation of the Club filed with the Department of Corporations of the State of California, as they may be amended.

(b) "**Authorized Golf Memberships**" means the total number of Martis Camp Golf, Invitational Golf, and Founder Golf Memberships which the Club is authorized to issue and have outstanding at any time pursuant to these Bylaws.

(c) "**Board**" or "**Board of Directors**" means the Board of Directors of the Club, selected as provided in Article IV.

(d) "**Business Entity**" refers to a corporation, a partnership, a limited liability company, a trust, or any other form of legal entity recognized by law, other than a natural person, which is qualified to do business in California and which exists for a primary purpose other than holding title to a Membership.

(e) "**Candidate Profile**" refers to the document by the same name which the Club requires each candidate for Social or Golf Membership to complete and submit to the Club in order to be considered for Membership.

(f) "**Club**" refers to Martis Camp Club, a California nonprofit mutual benefit corporation.

(g) "**Club Amenities**" means all land, buildings, facilities and amenities owned or to be owned and operated by the Club for the use and benefit of its Members. The Club Amenities presently include the following: an 18-hole golf course and a golf practice field; an 18-hole putting course with pavilion; a clubhouse with dining facilities, a golf pro shop, men's and ladies' locker rooms, fitness area, day spa, lap pool, indoor/outdoor soaking tubs, multi-purpose room, and administrative offices; a family recreation complex,

including swimming pool, theater, bowling lanes, soda fountain, game rooms, restroom facilities, performance stage and amphitheater; a tennis complex with four tennis courts and a tennis pavilion; playfields and areas for lawn games; a library/reading room; a beach shack with restrooms and showers fronting on the public beach on the north shore of Lake Tahoe; an aerial adventure park, the Springs pavilion and Creekside Park pavilion, over 20 miles of private hiking trails; and a golf maintenance building, storage, and other supporting facilities. The Club Amenities also include a warming hut at the base of the Lookout Mountain ski lift extension. The number, size scope, and nature of the Club Amenities are subject to change in the sole discretion of the Sponsor until the Turnover Date.

(h) "**Club Rules**" means the rules and regulations governing operation of the Club, use of the Club Amenities, and conduct of the Members, as may be promulgated and amended from time to time by the Sponsor prior to the Turnover Date or the Board of Directors after the Turnover Date.

(i) "**Clubhouse**" means the clubhouse facility described in subsection (g), above.

(j) "**Community**" means and refers to the common interest residential planned development located in Placer County, California, and commonly known as Martis Camp, which consists of all property subject to the Community Declaration, as it may be amended and supplemented.

(k) "**Community Declaration**" means that certain Declaration of Covenants, Conditions and Restrictions for Martis Camp recorded by DMB Highlands Group, LLC, in the Official Records of Placer County, California, as the same may be amended from time to time.

(l) "**Designated Adult**" means a Member's or Designee's spouse, if married, or if unmarried, the individual whom the Member or Designee has identified in writing to the Club as the "Designated Adult" for his or her Membership pursuant to Section 2.03(c) of these Bylaws.

(m) "**Designee**" means the individual designated by a Member pursuant to Section 2.03(b) of these Bylaws to exercise the privileges of a particular Membership.

(n) "**Extended Family**" means, in the case of a Member other than an Invitational Golf Member, the parents and adult children of the Member and any Designated Adult for the Membership, and the "Immediate Family," as defined below, of such parents and adult children.

(o) "**Golf Amenities**" means the 18-hole golf course and practice field which are part of the Club Amenities.

(p) "**Homesite**" shall mean a residential lot, whether improved or unimproved, located within the Community.

(q) "**Immediate Family**" means (i) the Designated Adult of a Member or Designee, as applicable, and the unmarried children of the Member or Designee and such Designated Adult; or (ii) in the case of an Extended Family member, the Extended Family member's spouse, if married, or if unmarried, one other individual 18 years of age or older residing in the same household as the Extended Family member, and the unmarried children of such Extended Family Member and other adult who are under the age of 24 and either reside in their household or attend college on a full-time basis.

(r) "**Initial Membership Contribution**" means the purchase price, if any, paid by a Member for a specific Membership in the Club.

(s) "**Majority of a Quorum**" means more than 50% of the eligible votes cast at a Membership meeting, or by written ballot pursuant to these Bylaws, when the total number of eligible votes represented in person at such meeting, or by written ballot, equals or exceeds the quorum requirement specified in Section 3.05.

(t) "**Member**" means an individual or Business Entity holding a Membership in the Club and, unless otherwise specified, refers to any Member, regardless of the class or category of Membership held.

(u) "**Membership**" refers to such Memberships in the Club as are authorized from time to time pursuant to Article II, and more specifically to the bundle of rights and privileges granted to each Member, which varies according to the class and category of Membership held. Except as these Bylaws may otherwise specifically provide, when the term is used in its collective sense it shall refer to all Members of the Club in whose names Memberships are issued and outstanding at a particular time.

(v) "**Membership Agreement**" shall mean the agreement with respect to Membership in the Club which the Club and each Member have executed.

(w) "**Membership Certificate**" shall mean the certificate issued by the Club to each Member evidencing the Membership held by such Member.

(x) "**Membership Fees**" shall be an inclusive term referring to the Initial Membership Contribution as well as all dues, assessments, fees, and other charges payable to the Club by any Member.

(y) "**Owner**" shall mean a person who holds a 10% or greater ownership interest in a Homesite in the Community, as evidenced by a deed conveying title to the Homesite which has been recorded in the Recorder's Office for Placer County, California, except that where record title to a Homesite is held in the name of an Individual Retirement Account (IRA), 401K, defined benefit pension plan and trust or other qualified retirement plan or account ("Retirement Plan"), the individual trustee or owner of the Retirement Plan shall be considered the Owner of, and the holder of title to, the Homesite for purposes of eligibility for membership hereunder, if so approved by the Sponsor or the Club, as applicable, but shall cease to be an Owner hereunder when he or she ceases to be the trustee or owner of the Retirement Plan and shall be considered to have transferred title to such Homesite upon transfer of title by the Retirement Plan.

(z) "**Sponsor**" or "**Sponsor Member**" shall mean DMB Highlands Group, LLC, an Arizona limited liability company, or any successor, assign or successor in interest that is specifically designated as the Sponsor hereunder in a written instrument executed by DMB Highlands Group, LLC or the person then holding the rights of the Sponsor.

(aa) "**Sponsor Affiliate**" shall mean the members of the Sponsor and their respective owners, shareholders, partners, officers and directors, and any person or entity that is controlled by the Sponsor or in which more than 50% of the ownership interest is held by persons or entities that hold more than 50% of the ownership interest in Sponsor.

(bb) "**Transfer Agreement**" shall mean that certain Agreement for Transfer of Assets entered into between the Sponsor and the Club providing for the construction of the Club Amenities and their transfer to the Club.

(cc) "**Transfer Date**" shall mean that date when the Sponsor transfers the title and ownership of the Club Amenities to the Club pursuant to the terms of the Transfer Agreement.

(dd) "**Turnover Date**" shall mean the date upon which the Sponsor's right to appoint the members of the Board of Directors terminates and the Members are entitled to elect the Board, which will occur within 180 days after the first of the following to occur:

(i) the initial sale of all Authorized Golf Memberships to persons other than the Sponsor or Sponsor Affiliates; or

(ii) at any time after the 10th anniversary of the sale of the first Martis Camp Golf Membership, upon the affirmative vote of Members entitled to cast at least 51% of the total votes of the Members, provided that at least 51% of the total number of Golf Memberships authorized as of the date of the Transfer Agreement have been issued and are outstanding at the time of such vote; or

(iii) upon Sponsor's election at any time following the 5th anniversary of the opening of the golf course for regular play, provided that the Club has had a positive cash flow from operations for a minimum of 12 months; or

(iv) at the Sponsor's election at any time after the 10th anniversary of the date of issuance of the first Martis Camp Golf Membership.

(ee) "**Unsold Membership**" shall mean an authorized Membership held in the Club's or the Sponsor's inventory and available for sale, including without limitation any such Membership which has been returned to inventory following forfeiture for failure to pay the Initial Membership Contribution in full as provided in Section 7.01(c).

(ff) "**Voting Power**" shall refer to the total votes of Members in good standing entitled to be cast on a matter requiring approval of the Membership or approval of any class of Members. Only Members holding Memberships which are specifically granted voting rights under Article II of these Bylaws shall be entitled to vote.

ARTICLE II **MEMBERSHIPS**

2.01 OWNERSHIP OF MEMBERSHIPS.

A Membership shall be owned by the Member identified on the Membership Certificate. Each Membership Certificate shall be issued in the name of one individual or Business Entity who qualifies, applies and has been approved for Membership; Memberships may not be held in joint names. The Member named on the Membership Certificate must satisfy all of the eligibility and suitability requirements for the class and category of Membership held, including holding title to a Homesite, if applicable. An individual who owns more than one Homesite may acquire a Membership for each, but the same Homesite may not be used to qualify for more than one Membership for which ownership of a Homesite is an eligibility requirement, except as otherwise provided in Section 2.05(a). Founder Golf and Honorary Members may hold one Membership for each Homesite, in addition to their Honorary Membership or Founder Golf Membership. In the event that a Business Entity dissolves, liquidates, or ceases to exist, or has a change in control (as defined in Section 2.08(a)), the Membership held by the Business Entity shall be deemed resigned.

2.02 CLASSES OF MEMBERSHIP.

(a) **General.** There shall be four classes of Membership in the Club: Golf Membership, Social Membership, Honorary Membership, and the Sponsor Membership (collectively, the "**Memberships**"), subject to the right of the Sponsor and the Board to create additional classes and categories of Membership as provided in Section 2.02(b). Eligibility for, and the rights and privileges of, each class of Membership are as follows:

(i) **Golf Membership.** Golf Membership is an equity Membership which entitles the Golf Member to use and enjoy, during operating hours, all of the Club Amenities generally available for use by Members, subject to the Club Rules and payment of such fees and charges as the Board may establish from time to time. Golf Members must pay golf cart fees, but will not pay green fees or court fees for use of the golf or tennis facilities, respectively. Subject to Section 3.08(a), Golf Members are entitled to two votes per Golf Membership held on any matter subject to a vote of the Members under these Bylaws. Golf Members are subject to assessment under limited circumstances as provided in Article VII.

Eligibility for Golf Membership shall depend on meeting such suitability requirements as the Sponsor or the Board may establish from time to time pursuant to Section 2.02(b) and 2.05(a) and the requirements for the category of Golf Membership desired. The Club is authorized to issue three categories of Golf Membership:

(A) *Martis Camp Golf Memberships*, which may only be issued to and held by Owners of Homesites;

(B) *Invitational Golf Memberships*, which may be issued to persons who are not Owners of Homesites, but are subject to recall on not less than 60 days' notice, at the direction of the Sponsor until all Homesites planned for the Community have been sold and at the option of the Club thereafter. If an Invitational Golf Member acquires a Homesite prior to the effective date of any recall, the Member may convert the Membership to Martis Camp Golf Membership at no charge; and

(C) *Founder Golf Membership*, which may only be issued to persons who are Owners of one or more Homesites at the time of issuance and whom the Sponsor designates as a Founder Golf Member, except as otherwise provided in Section 2.07(c) and (d). Upon ceasing to own a Homesite, a Founder Golf Member may retain the Founder Golf Membership or arrange to have it reissued to the purchaser or transferee of the property as a Martis Camp Golf Membership, as provided in Section 2.07(b) of these Bylaws. Founder Golf Members shall have priority over all other categories of Golf Membership for selection of lockers and for entry in the annual member-guest golf tournament, with entry fees for the Member and guest waived for the first five years of the tournament. Founder Golf Members shall have such other rights and privileges as are specified in these By-Laws and their respective Membership Agreements, in addition to the privileges afforded all Golf Members.

(ii) Social Membership. Social Membership is an equity Membership which entitles the Social Member to use and enjoy, during operating hours, all of the Club Amenities generally available for use by Members, other than the Golf Amenities, subject to the Club Rules and payment of such fees and charges as the Board may establish from time to time. Social Members and their accompanied guests may also reserve up to two tee times per Social Membership per month for use of the golf course during non-peak times, as specified by the Club, upon payment of greens fees at the guest rate, with a 24-hour advance reservation privilege for tee times. Social Members will not be required to pay court fees, and are entitled to reserve tennis court times in accordance with the policies of the Club announced from time to time. Subject to Section 3.08(a), Social Members are entitled to one vote per Social Membership held on any matter subject to a vote of the Members under these Bylaws, except that Social Members shall not be entitled to vote with respect to, and shall not be obligated to pay, any assessment related to the Golf Amenities. Social Members are subject to assessment under limited circumstances as provided in Article VII. Social Members are not entitled to any distribution upon dissolution of the Club or any payment on suspension or resignation of their Social Membership.

Eligibility for Social Membership shall be as determined from time to time by the Sponsor or Board of Directors, as appropriate, pursuant to Section 2.02(b) and 2.05(a).

(iii) Honorary Membership. Honorary Membership is a non-equity Membership which entitles the Honorary Member to use and enjoy, during operating hours, all of the Club Amenities generally available for use by Golf Members, subject to such Club Rules. Honorary Members will not pay green fees, court fees or guest fees for use of the Club's golf, spa, or tennis amenities, but will pay golf cart fees and such other fees and charges as apply to Golf Members from time to time. Honorary Members will not be required to pay an Initial Membership Contribution, dues, or operating or capital assessments, but will be required to pay individual charges for food and beverages, personal services and treatments, merchandise and similar items and services. Honorary Members shall have no voting rights except as to dissolution and otherwise as specifically provided in these Bylaws; on such matters, Honorary Members shall be entitled to vote as a class, with one equal vote per Honorary Member.

There shall be only 12 Honorary Memberships, which the Club shall issue to up to 12 individuals whom the Sponsor may designate. Honorary Memberships shall not be assignable or transferable, except to the Designated Adult for such Honorary Membership or a direct descendent of the Honorary Member as provided in

Sections 2.07(c) and (d). The Club may not rescind, amend or terminate the rights of the Honorary Memberships, nor shall the Club reissue any Honorary Membership upon termination or resignation by the Honorary Member except to a Designated Adult or direct descendent as provided in Sections 2.07(c) and (d)..

(iv) Sponsor Member. There shall be a single Sponsor Member, which shall be the Sponsor, or any successor in interest to the Sponsor to whom the Sponsor Membership is specifically assigned. The Sponsor Membership entitles the Sponsor, or persons designated by or affiliated with the Sponsor, and their accompanied guests, to use and enjoy all of the Club Amenities generally available to Golf Members, pursuant to Article IX. Such use shall be without any charge prior to the Turnover Date, but after the Turnover Date shall require payment of the same guest fees applicable to guests of Golf Members for each person using the Club Amenities. In addition, the Sponsor Membership entitles the Sponsor to exercise all of the rights and privileges specifically granted to the Sponsor pursuant to Article IX and elsewhere in these Bylaws, and pursuant to the Transfer Agreement. The Sponsor Member shall not pay any membership contributions, dues, or assessments for operating or capital expenditures.

Prior to the Turnover Date, the Sponsor Member shall hold all of the Voting Power of the Club on all matters except as otherwise specifically provided in these Bylaws. After the Turnover Date, the Sponsor Member shall have only such voting rights and rights of approval as are specifically granted to the Sponsor in these Bylaws and the Transfer Agreement.

(b) Creation of Additional Classes of Membership. The Sponsor reserves the right, until all Authorized Golf Memberships have initially been sold to persons other than the Sponsor or Sponsor Affiliates, to create additional classes and/or categories of Membership and to designate additional classes of persons who are eligible for an invitation to apply for Membership in the Club. The Sponsor reserves the right to create additional classes or categories of Membership, in its sole discretion, if it deems it necessary in order to establish a sufficient Membership base to provide for the economic viability of the Club. After the sale of all Authorized Golf Memberships, the Board of Directors shall have the right to create additional classes or categories of membership in the Club, or to designate additional classes of persons who are eligible to receive an invitation to apply for Membership, subject to the approval of the Sponsor until all Homesites planned for the Community have been sold to persons other than the Sponsor or Sponsor Affiliates. After termination of the Sponsor's approval authority, any action to create additional classes or categories of Membership shall require the prior consent of a Majority of a Quorum of the Voting Power.

2.03 EXERCISE OF MEMBERSHIP PRIVILEGES.

(a) Individual Members. Membership shall entitle the Member and the Member's Immediate Family to all of the use privileges of the class and category of Membership held, subject to the right of the Board of Directors to (i) restrict the time of access and impose age and ability qualifications for use of the Club Amenities by the Immediate Family; and (ii) to change or withdraw the use privileges of the Immediate Family of Members at any time. Only the Member or, in the absence of the Member, the Designated Adult for such Member's Membership, shall be eligible to exercise the voting rights of such Member. Either the Member or the Designated Adult for a Membership shall be eligible to serve on the Board of Directors and committees appointed by the Board, but they shall not both serve on the Board or on the same committee at the same time.

(b) Designees. If an individual Member owns more than one Homesite and acquires a Membership for each, the Member may designate one individual who is a sibling or a direct descendent of the Member to exercise the privileges of any Membership other than the primary Membership. If a Membership is held in the name of a Business Entity, the Business Entity must designate one individual who will have the right to exercise the privileges of the Membership. If the Business Entity is a trust, the designee must be a trustee or beneficiary of the trust. If the Business Entity is any other form of legal entity, the designee must be an officer, director, shareholder, partner, member or employee of the Business Entity who either (i) holds a 10% or greater ownership interest in the Business Entity, or (ii) performs substantial services for the Business Entity for compensation; provided, if the Business Entity holds more than one Membership for any Homesite pursuant to Section 2.05(a), the Designee for each additional Membership issued pursuant to Section 2.05(a) must hold a 25% or greater ownership interest in the Business Entity. The individual whom the Member designates under either of the foregoing circumstances (the "**Designee**") is subject to the same approval process and suitability

requirements as an individual candidate for Membership, but the proposed Designee must meet the eligibility requirements set forth herein and need not own a Homesite.

A Member may change the Designee for any Membership in accordance with such conditions and upon payment of such fees as the Board may establish; provided, a Designee may not be changed during the first 24 months after issuance of the Membership, nor more than once in any 24-month period, except upon the death of the Designee or otherwise with the prior approval of the Board. In the event that a Designee ceases to meet the eligibility requirements for Designee status, resulting in termination of such Designee status, the Member may defer designation of a replacement Designee until such time as Member has identified another eligible individual that it wishes to designate; however, the Member shall continue to be responsible for all Membership Fees on account of the Membership during any period in which there is no approved Designee. Approval of an existing Member's proposed Designee who meets the eligibility and suitability requirements for such Membership shall not unreasonably be withheld or delayed; however, approval may be conditioned upon the Member and Membership being in good standing.

With respect to any Membership for which a Designee has been approved, the Designee shall be entitled to exercise all of the rights and privileges of such Membership unless and until otherwise specified by written notice from the Member to the Club. The Designee and the Designee's Immediate Family shall be entitled to exercise all of the use privileges of such Membership, subject to the right of the Board of Directors to (i) restrict the time of access and impose age and ability qualifications for use of the Club Amenities by the Immediate Family; and (ii) to change or withdraw the use privileges of the Immediate Family of Designees at any time. Only the Designee (not a Designated Adult) shall be eligible to exercise the voting rights of such Membership and to serve on the Board of Directors or committees appointed by the Board. The Member and the Designee shall be jointly and severally liable for all Membership Fees incurred in connection with the Membership and the use of the Club Amenities by the Designee and his or her Immediate Family and guests.

(c) Designated Adult. The Designated Adult for any Member or Designee who is married shall be the Member's or Designee's spouse. An unmarried Member or Designee may designate in writing to the Club one individual who is 18 years of age or older and resides in the same household as the Member or Designee to be the "Designated Adult" for that Member or Designee. An unmarried Member or Designee may change the Designated Adult for any Membership in accordance with such conditions and upon payment of such fees as the Board may establish; provided, the designation of a Designated Adult may not be changed during the first 24 months after issuance of the Membership, nor more than once in any 24-month period thereafter, except upon the death of the Designated Adult or otherwise with the prior approval of the Board. An individual's status as the Designated Adult shall automatically terminate upon such individual ceasing to meet the criteria to be a Designated Adult hereunder.

(d) Extended Family. A Member may invite the Member's Extended Family to enjoy the Club Amenities as an unaccompanied guest of the Member whether or not the Member is present, except that unaccompanied use of the Golf Amenities shall be limited to Extended Family of Golf Members and then only during non-peak times, as specified by the Club. Use by Extended Family shall be subject to registration, check in, and payment of applicable guest fees at the Extended Family rate. The Board may adopt rules limiting the number of Extended Family guests that may use the Club Amenities at the same time and may restrict use by Extended Family during peak times. Extended Family guests may not host other guests to use the Club Amenities.

(e) Other Guests. In addition to the guest privileges available to Extended Family, Members and Designees are entitled to sponsor other guests to use the Club Amenities, in accordance with the privileges of the Member's category of Membership and in compliance with the Club Rules relating to guests, upon the payment of such guest fees as the Board may establish from time to time. Except as provided above for Extended Family, or as the Board, the Bylaws, or the Club Rules may otherwise expressly provide, guests may use the Club Amenities only when accompanied by a Member. The Club Rules currently permit a Member's house guests to use the Club Amenities other than the Golf Amenities unaccompanied by the Member while occupying the Member's home in the Community, upon registration and payment of an administrative fee for issuance of a house guest pass, and subject to payment of applicable guest fees. The Board may adopt rules

further limiting guest privileges and may revoke guest privileges for Members who are determined to be not in good standing.

2.04 AVAILABILITY OF MEMBERSHIPS.

(a) Limitation on Number. The Club shall be authorized to issue a maximum of 375 Golf Memberships, including Golf Memberships in the Founder category, the Martis Camp category, and in the Invitational category. The Club shall be authorized to issue a number of Social Memberships equal to 50 more than the total number of Homesites in the Community, as it may be expanded, less the number of Martis Camp Golf Memberships issued and outstanding, as that number may change from time to time. The number of authorized Memberships in any class may be increased or decreased only by amendment of these Bylaws in accordance with Section 10.11.

(b) Reservation of Memberships for Purchasers of Homesites. Until all Authorized Golf Memberships have initially been sold (excluding resales), and thereafter to the extent that any Golf Memberships are available for repurchase by the Club pursuant to Section 2.08(c), the Club shall, upon request of the Sponsor, and to the extent so requested, reserve one Golf Membership for the initial purchaser of each Homesite which is acquired from the Sponsor or a Sponsor Affiliate, or for the transferee of an initial purchaser, if so requested by the Sponsor, in order to permit the Sponsor to extend an invitation to such purchasers to apply for Membership. In addition, the Club shall reserve one Social Membership for each Homesite owned by a Founder Golf Member in order to make one available to the new owner of such Homesite if the Founder Golf Member elects to retain its Founder Golf Membership upon sale or other transfer of such Homesite. In either case, if the new Owner of the Homesite is extended an invitation to apply for the reserved Membership and does not apply for the reserved Membership, in accordance with the procedures set forth in Section 2.05, within 30 days after taking title to the Homesite, then such Membership shall no longer be reserved and thereafter shall be subject to approval and availability in accordance with Section 2.05.

2.05 APPLICATION AND ADMISSION OF MEMBERS.

(a) Eligibility and Suitability. In addition to the eligibility requirements for each class and category of Membership set forth in Section 2.02, the Club has established certain suitability requirements for all Golf and Social Members, which may be changed or waived, subject to any required regulatory approvals, in the sole discretion of the Sponsor until all Authorized Golf Memberships and all Homesites planned for the Community have initially been sold (excluding resales) and thereafter in the sole discretion of the Board of Directors. In addition, the California Department of Corporations requires that each person acquiring a Golf or Social Membership have, individually or with the purchaser's spouse, either (i) a minimum net worth of \$250,000, and gross income in the preceding tax year, or expected gross income for the current tax year, of at least \$65,000; or (ii) gross income in the preceding tax year or expected gross income for the current tax year of at least \$100,000; or (iii) a minimum net worth of \$500,000. Net worth is determined exclusive of home, home furnishings and automobiles. Candidates for Founder Golf Membership are required to meet higher suitability standards, as set forth in the Candidate Profile and Membership Agreement for Founder Golf Memberships.

No person shall be entitled to hold more than one Membership in the Club at a time, except that: (i) an Owner of more than one Homesite may purchase and hold one Membership for each, (ii) a Founder Golf or Honorary Member who owns a Homesite may hold one Membership for each Homesite owned, in addition to the Founder Golf or Honorary Membership; and (iii) a Business Entity may hold more than one Membership if authorized pursuant to this Section. An individual Member holding more than one Membership pursuant to this paragraph may designate one individual who is a sibling or direct descendent of the Member to exercise the privileges of any additional Membership held, as provided in Section 2.03(b).

A Business Entity which holds 100% of the fee simple title to a Homesite in its name may, if approved by the Sponsor (subject to such conditions as the Sponsor may establish), hold a Martis Camp Golf or Social Membership and additional Social Memberships or Golf Memberships in its name, with a separate Designee for each Membership, provided that the Designee for each Membership meets the requirements set forth in Section 2.03(b) and the additional requirements set forth below applicable to such Membership. Upon transfer of title to the Homesite and resignation of any or all of the Memberships held by the Business Entity, if all of the

Memberships held by such Business Entity are in good standing at the time of such transfer of title, the privilege of acquiring and holding a number of Memberships equal to the number resigned by the previous Owner upon such transfer of title shall pass to another Business Entity that acquires 100% of the fee simple title to the Homesite, or to co-Owners who each acquire and hold at least a 25% ownership interest in the Homesite; provided, in either case, the new Owner(s) must meet the suitability requirements for such Memberships and must apply, be approved, and pay the Initial Membership Contribution or administrative transfer fee, as applicable, for each Membership within 30 days of close of escrow. Memberships in a category other than that held by the previous Owner shall be subject to availability. Nothing in this paragraph shall require a Business Entity holding multiple Memberships to resign all such Memberships upon transfer of title to the Homesite; if the Business Entity owns another Homesite or notifies the Club of its intent to purchase another Homesite and actually acquires another Homesite within the time frames set forth in Section 2.07(b)(ii), the Business Entity may retain any or all of such Membership(s); provided, the total number of Memberships associated with the Business Entity's new Homesite shall not exceed the number associated with the previous Homesite owned by such Business Entity. Except as provided in the preceding sentence, any Membership held by the previous Owner which is not acquired by the new Owner or co-Owner pursuant to this paragraph shall be deemed resigned, unless otherwise approved by the Club in the case of an Invitational Golf Membership. No payment shall be made for any resigned Membership, whether or not reissued to the successor Owner, except as may be provided in Sections 2.07 or 2.08 of these By-Laws.

In any case where a Business Entity holds more than one Membership pursuant to this Section, the Designee for the first Membership need only meet the requirements for Designees under Section 2.03(b); however, the Designee for each additional Membership must hold at least a 25% ownership interest in the Business Entity, in addition to meeting the suitability requirements for Membership set forth above. If the Designee of any additional Membership thereafter ceases to hold at least a 25% ownership interest in the Business Entity, the rights of such Designee shall terminate and the Business Entity may either resign such additional Membership or designate a new eligible Designee for such Membership in accordance with Section 2.03(b), subject to the Club's approval of the new Designee and payment of a change fee in such amount as the Club may establish from time to time. In the case of a Social Membership, the change fee shall be equal to the administrative transfer fee payable to activate a Social Membership within 30 days of close of escrow pursuant to Section 2.07(b) and, in the case of Golf Membership, the change fee shall be the amount, if any, that the Club would be entitled to retain pursuant to Section 2.08(e) if the Membership were resigned, repurchased, and reissued as of the effective date of such change in Designee.

Where there are co-Owners of a Homesite, the co-Owners may collectively hold no more than one Membership associated with such Homesite, except as permitted above (i) for Founder or Honorary Members, and (ii) for co-Owners of a Homesite acquired from a Business Entity which held more than one Membership, and except as otherwise provided in this Paragraph. The Sponsor may, in its discretion and subject to such conditions as the Sponsor may establish, arrange for the Club to issue additional Social Memberships or Golf Memberships in the names of co-Owners who each hold at least a 25% ownership interest in the Homesite and meet the suitability requirements for Membership, provided that any such co-Owner applies for such Membership within the time period set forth in the Sponsor's written offer of the Membership, is approved, and pays the Initial Membership Contribution, if any, for such Membership within the time period set forth in the notice of such approval. In any case where co-Owners are required to hold at least a 25% ownership interest in the Homesite to hold more than one Membership for such Homesite, if any such co-Owner holding a Membership in good standing thereafter ceases to hold at least a 25% ownership interest in the Homesite and such Membership is resigned, , the resigning Member may arrange for the Club to reissue the resigned Membership (or a Social Membership, if the resigned Membership is a Golf Membership) to a different or new co-Owner of the Homesite who holds at least a 25% ownership interest in the Homesite and meets the suitability requirements for Membership, provided that within 30 days after resignation of such Membership the eligible co-Owner applies, is approved, and pays the Initial Membership Contribution then being charged by the Club for the resigned and reissued Membership, if a Golf Membership, or transfer fee for Social Membership, as applicable, as provided in Section 2.07(b). If the co-Owners jointly convey 100% of the fee simple title to the Homesite to a Business Entity and all of their memberships are in good standing at the time of such conveyance, then the privilege of acquiring and holding those Memberships, if any, which are resigned upon transfer of the Homesite shall pass to the Business Entity which takes title to the Homesite, provided that the Business Entity applies, is approved, and pays the required Initial Membership Contribution or administrative

transfer fee, as applicable, for each Membership within 30 days after close of escrow on such Homesite. Memberships in a category other than that held by the previous Owner shall be subject to availability. Nothing in this paragraph shall require any co-Owner to resign its Membership upon transfer of its interest in the Homesite; if the co-Owner owns at least a 25% interest in another Homesite or notifies the Club of the intent to purchase a 25% or greater interest in another Homesite and actually acquires such interest in another Homesite within the time frames set forth in Section 2.07(b)(ii), such co-Owner may retain its Membership, provided that such co-Owner does not hold more than one Membership and the total number of Memberships associated with such co-Owner's new Homesite does not exceed the number associated with the previous Homesite in which such co-Owner held an interest. Except as provided in the preceding sentence, any Membership held by the previous Owner which is not acquired by the new Owner or co-Owner pursuant to this paragraph shall be deemed resigned, unless otherwise approved by the Club in the case of an Invitational Golf Membership. No payment shall be made for any resigned Membership, whether or not reissued to the successor Owner, except as may be provided in Sections 2.07 or 2.08 of these By-Laws.

If a Business Entity holding more than one Membership for a Homesite, or co-Owners of a Homesite for which more than one Membership is outstanding, resigns one or more of the Memberships and such Membership is not reissued to another eligible Owner or co-Owner of the Homesite as authorized above within 30 days thereafter, or any Membership is deemed resigned upon failure to maintain the Membership in good standing, the privilege of holding more than one Membership formerly associated with such Homesite shall be reduced by one for each Membership so resigned and the right to such additional Membership(s) may not thereafter be revived or passed to any successor Owner of such Homesite.

If the Owner of a Homesite fails to acquire either a Social Membership or a Golf Membership within 30 days after close of escrow on such Homesite (or such other period as the Sponsor may approve) or thereafter fails to maintain either a Social Membership or a Golf Membership in good standing as long as he or she owns the Homesite, then the ability of that Owner or any future Owner of such Homesite to acquire a Social Membership or Golf Membership thereafter shall be subject to application, approval, and availability as provided in this Section and, except as provided in Section 2.07(c), payment of the reinstatement fee described in Section 2.08(c). The Owner must acquire a Social Membership and pay the reinstatement fee, if applicable, before being eligible for consideration for Golf Membership.

(b) Invitation for Membership. Any individual or Business Entity who is invited by the Sponsor or the Club to be considered for Membership in the Club may request such consideration by completing and executing a Candidate Profile and Membership Agreement in such form as the Club may specify from time to time and submitting them to the Club, along with a check in the amount of the required Initial Membership Contribution or installment thereof, or reinstatement fee, as applicable. If the candidate would be entitled and intends to designate a Designee for such Membership, then the proposed Designee must also complete and execute a Candidate Profile and Designee Agreement and submit them to the Club with the candidate's materials; provided, if the candidate is eligible to acquire more than one Membership pursuant to Section 2.05(a), the Club may permit the candidate to defer submitting the application for the proposed Designee for any Memberships other than the initial Membership until such time as the initial Membership is approved and the Member has identified an eligible individual whom it wishes to designate as the Designee for the additional Membership.

(c) Review and Consideration. After receiving all required application documents and the required payment, the Club will make an initial determination as to whether the candidate appears to satisfy the suitability requirements and relevant conditions for the class and category of Membership requested and then refer the candidate's materials to the Sponsor, the Board or a committee appointed by the Board, as appropriate, for further review and consideration. All candidates for Membership are subject to the approval of the Sponsor until all Authorized Golf Memberships and all Homesites planned for the Community have initially been sold (excluding resales) to persons other than the Sponsor or Sponsor Affiliates, and thereafter by the Club's Board of Directors or a committee appointed by the Board, such approval to be granted or withheld in the sole discretion of the Sponsor, the Board or such committee, as applicable, provided that candidates shall be reviewed and consideration given for Membership in the Club without regard to race, religion, creed, color, sex, national origin or physical disability.

(d) Notification. If the candidate is approved for Membership, the candidate will be notified, in writing, of such approval. If Membership in the desired class and category is then available, the Club shall execute the candidate's Membership Agreement indicating its acceptance of the candidate for Membership. If Membership in the desired class or category is not then available, the Club shall not sign the Membership Agreement but shall return the candidate's Initial Membership Contribution or other fee, if any, and notify the candidate that he or she has been placed on the waiting list for the desired class and category of Membership and will be notified when a Membership in such class and category becomes available. The candidate shall have 10 days thereafter to submit a waiting list deposit, in the amount specified by the Club in such notice, to hold a place on the waiting list or the candidate's name shall be dropped from the waiting list. If an application is not acted upon favorably, the Club shall so notify the candidate and the candidate must wait at least 12 months before again requesting consideration for Membership.

(e) Waiting List to Acquire Membership. Upon the issuance of all available Memberships in a class (other than Honorary and Sponsor Memberships), the Board shall establish a waiting list for such class of Membership. Each waiting list shall be maintained according to the priorities set forth below and, within a category of priority, on a first come, first served basis (determined on the basis of date of receipt of the candidate's complete application package and payment). At such time as a Membership in the particular class becomes available, the Club shall notify the candidate with the highest position on the waiting list of such availability. For purposes of this subsection (e), a Membership which is being reserved pursuant to Section 2.04(b) shall not be "available" for issuance. On any waiting list, the following priorities shall apply:

(i) first, candidates who were the initial purchasers of a Homesite which they acquired from the Sponsor or a Sponsor Affiliate, provided that such candidate applied for Martis Camp Golf Membership within 30 days after close of escrow on the purchase of such Homesite and were approved for Membership, but were unable to acquire a Membership in the desired class due to the unavailability of such Membership at that time; then

(ii) any Social Member in good standing who desires to upgrade his or her Social Membership to a Golf Membership; then

(iii) any other approved candidate.

A candidate on the waiting list shall have 30 days after receiving written notice that a Membership has become available in the class for which the candidate applied to accept such Membership by submitting to the Club the difference between the waiting list deposit submitted pursuant to subsection (d) and the Initial Membership Contribution in effect on the date the Club notifies the candidate of the availability of such Membership. If the candidate fails to submit such payment within the allotted time, the candidate shall be removed from the waiting list and the Club shall refund the waiting list deposit paid; provided, however, the Board, upon consideration of the facts and circumstances relative to the candidate's failure to accept the Membership within the allotted time, may in its sole discretion extend the period during which the candidate may accept the Membership, or may permit the Member to pass on the opportunity to acquire such Membership at that time and go to the end of such waiting list.

The foregoing waiting list priorities are for the benefit of the Sponsor and may be modified by the Sponsor in its sole and absolute discretion until all Authorized Golf Memberships and all Homesites planned for the Community have initially been sold (excluding resales) to purchasers other than the Sponsor or Sponsor Affiliates.

2.06 EVIDENCE OF MEMBERSHIP.

(a) Membership Certificates. The Club shall issue to each Member a Membership Certificate evidencing the class and category of Membership held. Such Membership Certificate shall be in a form approved by the Board of Directors, shall state that the Membership is subject to the Bylaws and the Club Rules, and shall be signed by the President or Vice-President and by the Secretary of the Club under the seal of the Club.

(b) Membership Cards. The Club may, in the discretion of the Board of Directors, issue membership cards to each Member or Designee and his or her Immediate Family, identifying the authorized holder and the Member's name and class and category of Membership and account number, if any. The Board of Directors may require that such membership cards be carried at all times while using the Club Amenities.

(c) Nontransferability. Membership Certificates and membership cards are not redeemable or transferable except as specifically provided in these Bylaws. Whenever any person or Business Entity ceases to be a Member, whether by death, resignation and repurchase of the Membership by the Club, recall, expulsion or otherwise, such cessation shall operate to authorize the Secretary of the Club to effectuate the cancellation of the Membership Certificate of such Member and all membership cards issued on account of such Membership.

2.07 RESTRICTION ON TRANSFER OF MEMBERSHIPS.

(a) General Rule of Nontransferability. No Membership other than the Sponsor Membership may be pledged, assigned, hypothecated, encumbered or otherwise transferred to anyone other than the Club, by sale, gift or otherwise, voluntarily or involuntarily, except to secure purchase money financing for the Membership in an amount not to exceed the Initial Membership Contribution for the Membership and, in the event that the lender acquires title to the Membership pursuant to its remedies under the loan documents, the Membership shall be deemed resigned. No Member, other than the Sponsor, shall advertise a Membership for sale, or offer or commit to transfer or assign a Membership in the Club except as specifically authorized herein. Any attempted action in contravention of this Section shall be invalid and of no effect.

(b) Sale or Transfer of Homesite. No Member shall commit to transfer, or to arrange for the transfer of, his or her Membership to a purchaser of his or her Homesite in any manner that purports to bind the Club to approve such purchaser for Membership, and any attempt to do so shall be void and of no effect.

If a Martis Camp Golf Member in good standing sells or otherwise transfers the Member's Homesite, the Member shall be deemed to have resigned the Membership and it shall be placed on the waiting list for repurchase pursuant to Section 2.08(e), except as follows:

(i) If, prior to the transfer of title to the Homesite, the purchaser or transferee of the Martis Camp Golf Member's Homesite requests consideration for Martis Camp Golf Membership by completing, signing and submitting a Candidate Profile and Membership Agreement in the form specified by the Club, along with a check in the amount of the Initial Membership Contribution for Martis Camp Golf Membership then being charged by the Club, and is approved for such Membership, the Member may arrange for the Club to repurchase the Membership on the terms set forth in the Bylaws and reissue it to the new Owner of the Homesite without regard to any purchase or repurchase waiting list that may exist.

(ii) If, prior to the transfer of title to a Member's Homesite or other event terminating a Member's status as an Owner, (A) the Member notifies the Club in writing that the Member has contracted to purchase or is actively pursuing the purchase of a Homesite and desires to retain the Golf Membership; and (B) the purchaser or transferee of the Member's current Homesite, if applicable, acknowledges and agrees to such request in writing (or the Club reserves another Golf Membership for issuance to such purchaser or transferee should he or she request consideration for Golf Membership prior to taking title to the Homesite and be approved for such Membership), the Club shall allow the Member at least 60 days after the date of such notice to acquire title to a Homesite during which period the Membership shall not be repurchased for reissuance to a new Member. The Member may cancel its request under this paragraph at any time by written notice to the Club. In such event, or if the requesting Member fails to acquire record title to a Homesite within such 60-day period (or such longer period as the Club may in its discretion allow), if the new Owner does not wish to acquire or has already acquired a Martis Camp Golf Membership, the Membership shall be placed at the bottom of the waiting list for repurchase as provided in Section 2.08.

If a Founder Golf Member in good standing sells or otherwise transfers his or her Homesite, then except as otherwise provided in the Member's Membership Agreement, the Founder Golf Member may elect either to keep the Founder Golf Membership or, subject to the conditions set forth for Martis Camp Golf

Membership above, to arrange for the Club to repurchase the Membership on the terms set forth in Section 2.08 and reissue it to the new Owner of the Homesite as a Martis Camp Golf Membership upon payment by the new Owner of the Initial Membership Contribution for Martis Camp Golf Membership being charged at that time. If the Founder Golf Member elects to keep the Founder Golf Membership and the new Owner of the Homesite desires a Martis Camp Golf Membership, the new Owner shall have 30 days after taking title from the Founder Golf Member to request consideration for (A) Martis Camp Golf Membership, which shall be subject to eligibility, suitability, approval, availability, and payment of applicable fees, as provided in Section 2.05, or (B) Social Membership, which shall be subject to eligibility, suitability, and approval of the Club but shall not be subject to payment of any Initial Membership Contribution or reinstatement fee in consideration for issuance of the Social Membership, if activated upon notice of the Club's approval and thereafter maintained in good standing; however, the new Member shall pay an administrative fee for issuance of the Social Membership equal to the administrative transfer fee for a Social Membership in good standing, as set forth in a schedule of dues, fees, and charges published by the Club from time to time.

If a Social Member in good standing sells or otherwise transfers the Member's Homesite, the rights of the transferring Member under the Membership shall terminate upon such transfer. A Social Member shall not be entitled to any payment upon termination of the Member's rights in the Social Membership.

If a Founder Golf Member, a Martis Camp Golf Member, or a Social Member in good standing sells or otherwise transfers the Member's Homesite and the new Owner of such Homesite does not wish to acquire a Martis Camp Golf Membership, the new Owner of the Homesite shall have 30 days after close of escrow to apply to have the Social Membership activated in his or her name, subject to approval and payment of an administrative transfer fee in such amount as the Sponsor or the Club may establish from time to time. A Social Member shall not be entitled to any refund of the administrative transfer fee upon termination of the Member's rights in the Club.

If the Owner of a Homesite in the Community does not hold a Founder Golf or Martis Camp Golf Membership, and the Social Membership allocated to a Homesite was never activated or is not in good standing on the date of transfer of title to the Homesite, any application for Membership by the new Owner of such Homesite, regardless of the category of Membership applied for, shall be subject to approval and availability in accordance with Section 2.05 and, except as provided in Section 2.07(c), payment of a non-refundable reinstatement fee to reinstate the Social Membership in such amount as the Sponsor or the Club may establish from time to time. The Member shall not be entitled to any refund of the reinstatement fee, if applicable, upon termination of the Member's rights in the Club.

A change in control (as defined in Section 2.08(a)) of a Business Entity which owns a Homesite shall constitute a transfer of the Homesite for purposes of this subsection (b).

(c) Death of a Member. Upon the death of a Martis Camp Golf Member or a Social Member, the Designated Adult for such Member's Membership or a direct descendent of the Member, either of whom survives the Member, acquires the title to the Member's Homesite, has the legal capacity to contract, and is otherwise eligible for the class of Membership held by the deceased Member, shall have 60 days after the death of the Member to apply to have the Membership transferred into the name of such Designated Adult or direct descendent at no charge, subject to the approval procedures set forth in Section 2.05 and payment of all outstanding Memberships Fees due on account of such Membership. If such Designated Adult or direct descendent is not eligible to hold or not approved for such class of Membership, or fails to apply within the 60 day time period, the deceased Member's Membership (i) shall be deemed suspended (in the case of a Social Membership) or, (ii) in the case of a Martis Camp Golf Membership, shall be deemed resigned and shall be placed on a waiting list to be repurchased by the Club as provided in Section 2.08. If a Social Membership is suspended pursuant to this paragraph, the next person who acquires title to the deceased Member's Homesite shall have 30 days after taking title to such Homesite to apply for Social Membership in accordance with Section 2.05, without payment of the reinstatement fee otherwise required pursuant to Section 2.08(c).

Upon the death of an Invitational Golf Member, the Designated Adult for the deceased Member's Membership who is otherwise eligible for Invitational Golf Membership shall have 60 days after the death of the Member to apply to have the Membership transferred into his or her name at no charge, subject to the approval

procedures set forth in Section 2.05 and payment of all outstanding Memberships Fees due on account of such Membership. If such Designated Adult is not eligible to hold or is not approved for such Membership, or fails to apply within the 60 day time period, the deceased Member's Membership shall be deemed resigned and shall be placed on a waiting list to be repurchased by the Club as provided in Section 2.08. Notwithstanding the above, an Invitational Golf Membership may only be transferred to a Designated Adult one time; upon the subsequent death of the Designated Adult to whom the Membership was initially transferred, it shall be deemed resigned, whether or not he or she has identified another Designated Adult for the Membership prior to his or her death.

Upon the death of a Founder Golf Member or an Honorary Member, the Designated Adult for the deceased Member's Membership or a direct descendent of the deceased Member, either of whom survives the Member and inherits such Membership, shall have 60 days after the Member's death to apply to have the Membership reissued in his or her name at no charge, subject to payment of any outstanding Membership Fees due on account of such Membership. The reissuance of Memberships to a Designated Adult or direct descendent of a deceased Founder Golf or Honorary Member may continue in such manner so long as the Club exists. If a Founder Golf or an Honorary Member dies with no surviving Designated Adult or direct descendants, or an eligible Designated Adult or descendant fails to apply to have the membership reissued within the 60 day time period, the Membership shall terminate.

(d) Age 75 or Disability. A Martis Camp Golf Member, Honorary Member, or a Founder Golf Member who is over the age of 75 or who the Club determines, upon request of the Member, to no longer be able to enjoy the use privileges of the Membership to any significant degree, may request that the Club reissue the Member's Martis Camp Golf or Founder Golf or Honorary Membership at no charge in the name of the Designated Adult for the Member's Membership or a direct descendent of the Member who has the legal capacity to contract, subject to the approval procedures set forth in these Bylaws, and payment of all outstanding Membership fees on account of the Membership; provided, in the case of a Martis Camp Golf Membership, the Designated Adult or direct descendent must take title to or be a co-Owner of the Martis Camp Golf Member's Homesite in the Community.

(e) Divorce; Dissolution of Civil Union. In the event that a married Member and his or her spouse are legally separated or divorced, or in the event that a Member and any person identified as the Designated Adult on such Member's Membership cease to maintain the same household, the Member shall retain all rights to such Membership until the Membership is resigned or deemed resigned, unless and until the Club is otherwise ordered by a court of law. In the event of a court order that the Membership be transferred to the Member's former spouse or any other person, the Membership shall be deemed resigned unless the former spouse or former Designated Adult to whom it is required to be transferred is eligible for, applies and is approved for such class and category of Membership pursuant to the procedures set forth in Section 2.05 within 60 days after such court order, in which case the Membership shall be reissued in the name of the former spouse or Designated Adult at no charge. Otherwise, the person to whom the court has ordered the Membership to be transferred shall be entitled to any amounts to which the Member would otherwise have been entitled upon resignation, repurchase and reissuance of the Membership (if applicable) pursuant to Section 2.08.

2.08 RESIGNATION AND REPURCHASE OF MEMBERSHIPS.

(a) Resignation. A Social Member holding the only Membership issued for his or her Homesite may voluntarily suspend such Social Membership issued and any other Member may voluntarily resign his or her Membership by giving written notice to the Secretary of the Club of such intention and simultaneously endorsing and depositing with the Club his or her Membership Certificate. In addition, a Social Membership which is the only Membership issued for a Homesite shall be deemed suspended, and any other Membership shall be deemed resigned, upon the occurrence of any of the following events: (i) the Member ceasing to meet the eligibility requirements for the category of Membership held; (ii) expulsion from the Club for cause (see Article VIII), including nonpayment of membership fees, dues, or other charges when due; (iii) recall of the Membership, if subject to recall; (iv) a change in control or the dissolution of a Member which is a Business Entity; (v) the death of the Member without an eligible person requesting to have such Membership reissued in his or her name pursuant to Section 2.07(b), or the Club's disapproval of such request; or (vi) such other

event(s) as may be specifically set forth in these Bylaws. A "change in control" of a Business Entity, as used herein, shall mean any change or series of changes in ownership of the Business Entity affecting more than 50% of the ownership interest of such Business Entity; however, any change in ownership of the Business Entity accompanied by a change in Designee for which a change fee has previously been paid pursuant to Section 2.05(a) shall not be considered part of a "series of changes" for purposes of determining whether a "change in control" of the Business Entity has occurred hereunder. A change in control of a Business Entity which owns a Homesite shall be treated as a transfer of the Homesite for purposes of Section 2.07(b).

(b) Effective Date of Resignation or Termination. The effective date of suspension of a Social Membership which is the only Membership issued for a particular Homesite shall be 60 days' after the Club's receipt of written notice of the voluntary suspension, or such later date as the Social Member may specify in such notice. The effective date of resignation or termination of a Golf Membership shall be the date of repurchase by the Club, as described below, or if recalled, the effective date of recall as stated in the notice of recall. The effective date of resignation or termination of any other class of Membership shall be the earlier of (i) 60 days' after the Club's receipt of written notice from the Member of the voluntary resignation of such Membership or such later date as is stated in the notice of resignation; or (ii) the date of the event giving rise to termination of the Membership under these Bylaws. **A MEMBER MAY CONTINUE TO EXERCISE ALL PRIVILEGES OF THE MEMBERSHIP AND SHALL REMAIN RESPONSIBLE FOR ALL MEMBERSHIP FEES ACCRUING THROUGH THE EFFECTIVE DATE OF SUCH RESIGNATION.**

(c) Reinstatement of Suspended or Resigned Membership. Except as provided in Section 2.07(b), a Golf Member who has voluntarily tendered his or her Membership for resignation by written notice to the Club or whose Membership has been involuntarily resigned may not revoke such resignation unless the Club approves, which approval it may grant or withhold in its sole discretion. Any such revocation approved by the Club shall be subject to a reinstatement fee in such amount as the Sponsor or the Club may establish from time to time in accordance with the Bylaws.

If a Social Member voluntarily suspends a Social Membership which is the only Membership outstanding for his or her Homesite, or the Club involuntarily suspends such Social Membership due to failure of the Member to maintain the Social Membership in good standing or pursuant to Section 2.07(c) upon death of the Social Member, and the former Member or any subsequent purchaser of the former Member's Homesite thereafter desires to reinstate the Social Membership, such reinstatement shall be subject to Section 2.05 and payment of a reinstatement fee in such amount as the Sponsor or the Club may establish, except as otherwise provided in Section 2.07(c). If more than one Social Membership has been issued for a Homesite and a Social Membership which is not the only Membership outstanding for such Homesite is resigned or terminates, there shall be no right to reinstate such Social Membership.

(d) Repurchase of Recalled Memberships. Within 30 days after the effective date of recall of an Invitational Golf Membership, the Club shall repurchase the recalled Invitational Golf Membership for an amount equal to 100% of the Initial Membership Contribution originally paid by the Invitational Golf Member, plus the amount of any special assessment paid by the Invitational Golf Member for capital improvements or additions to the Club Amenities. If the Invitational Golf Membership being recalled is in good standing at the time of recall and is held by an Owner of a Homesite with which more than one Membership is associated pursuant to Section 2.05(a), then the Invitational Golf Member may request that the Club issue a Social Membership in its place and, subject to availability, a Social Membership shall be issued to the former Invitational Golf Member at no charge as of the effective date of recall of the Member's Invitational Golf Membership.

(e) Repurchase of Resigned Memberships. An Honorary Member who resigns his or her Honorary Membership shall not be eligible to have such Membership repurchased by the Club. A Social Member whose Social Membership is resigned, suspended, or terminated shall not be entitled to have such Membership repurchased and shall not be entitled to any refund of Membership Fees paid hereunder.

Except as otherwise provided in the Member's Membership Agreement, a Golf Member who resigns his or her Membership or whose Membership is deemed resigned in accordance with the provisions of these Bylaws (other than upon recall), will be eligible to have the Membership repurchased and reissued by the Club, subject to the conditions set forth in this Section. Upon receipt of notice of the Member's intent to resign, the

resigning Member's Golf Membership will be placed on a waiting list for repurchase by the Club (unless repurchased and reissued to the resale buyer of the Member's Homesite as provided in Section 2.07(b)). The Club shall not be obligated to repurchase any Membership from such waiting list unless and until a candidate has been approved for Membership of the same class as a resigned Membership on the waiting list and has paid the required Initial Membership Contribution for such Membership. Even then, until all Authorized Golf Memberships have initially been sold (excluding resales) to persons other than the Sponsor or Sponsor Affiliates, if there are Memberships on a waiting list to be repurchased, one out of every five Memberships sold by the Club after receipt of notice of resignation of a Membership on the waiting list for repurchase shall be a Membership from such waiting list. The other four Memberships may be issued from the inventory of Unsold Memberships. In the Sponsor's discretion, Memberships may be repurchased and reissued from the waiting list more frequently than required hereunder; however, any such repurchase shall not delay the repurchase of Memberships having a higher position on the repurchase list. Subject to the foregoing, the Club shall repurchase resigned Memberships from the repurchase waiting list on a first-resigned, first-repurchased basis, based upon the date of receipt by the Club of the Member's notice of resignation, except as otherwise provided in Section 2.07(b).

Except as otherwise provided in the Member's Membership Agreement, upon repurchase and reissuance of a resigned Golf Membership pursuant to this subsection (e), the resigning Golf Member shall be entitled to receive:

(i) in the case of a resigned Martis Camp Golf Membership, 75% of the Initial Membership Contribution received by the Club upon reissuance of the Membership, less any outstanding Membership Fees owed to the Club on account of the resigned Membership (the 25% differential between the Initial Membership Contribution paid by the new Member and the amount payable to the resigning Member before deduction of any outstanding Membership Fees being considered a transfer fee which shall be the property of the Club or the Sponsor, as provided in the Transfer Agreement);

(ii) in the case of a resigned Founder Golf Membership, 100% of the Initial Membership Contribution received by the Club upon reissuance of the Membership, less any outstanding Membership Fees owed to the Club on account of the resigned Membership;

(iii) in the case of a resigned Invitational Golf Membership (other than upon recall), the lesser of: (A) 100% of the Initial Membership Contribution originally paid by the resigned Member for the Invitational Golf Membership plus the amount of any special assessment paid for capital improvements or additions to the Club Amenities pursuant to Section 7.03, or (B) the Initial Membership Contribution which the Club is then charging for Golf Memberships.

Upon repurchase of a resigned Golf Membership and receipt by the resigned Member, or legal representative of the resigned Member, of any amounts due pursuant to this subsection, the resigned Member shall have no further rights or claims with respect to the resigned Membership.

(f) Reissuance of Resigned Membership. Within 30 days after reissuance of a resigned Golf Membership and receipt by the Secretary of the Club of the Initial Membership Contribution from the new Member, the Secretary shall (1) cause the Membership of the resigning Member to be canceled on the books of the Club; (2) issue a new Membership Certificate to the new Member, and (3) pay to the resigning Member the amounts due as provided in subsection (e) above. Upon repurchase of a resigned Founder, Martis Camp or Invitational Golf Membership, the Club may reissue the membership in either the Martis Camp or Invitational category, regardless of the category of membership in which it was previously issued.

2.09 CONVERSION OF MEMBERSHIPS.

(a) Social Members. Any Social Member may apply to upgrade his or her Social Membership to a Martis Camp Golf Membership, subject to approval, availability, and the priorities and limitations described in Sections 2.04 and 2.05. When the desired Membership becomes available, the Social Member will be notified by the Club and will have a limited period of time, as specified in the notice, to convert his or her Social Membership to a Golf Membership by paying to the Club the Initial Membership Contribution being charged by

the Club for a Golf Membership on the date the Club notifies the Social Member that the application to upgrade is accepted and a Golf Membership is available. Pursuant to Section 2.04, Golf Memberships may be reserved for eligible purchasers of Homesites. As a result, there is no guarantee that a Golf Membership will be available to a Social Member who desires to upgrade, even though all Golf Memberships authorized by these Bylaws may not have been issued at the time an application to upgrade to a Golf Membership is submitted to the Club.

(b) Invitational Members. An Invitational Golf Member who purchases a Homesite may apply to convert his or her Invitational Membership to Martis Camp Golf Membership at no charge, provided that the Member submits a written request to the Club to convert such Membership within 30 days after taking title to the Homesite.

(c) Martis Camp and Founder Golf Members. A Martis Camp Golf Member or Founder Golf Member who desires to convert his or her Golf Membership to a Social Membership may do so by giving written notice to the Club of his or her intent to resign the Golf Membership and convert to a Social Membership, in which event the Golf Membership will be placed on the waiting list to be repurchased and reissued by the Club, as provided in Section 2.08. Upon repurchase of the Golf Membership, the Club shall issue a Social Membership. Until then, the Member shall retain all privileges of, and shall remain responsible for all Membership Fees applicable to the Golf Membership.

2.10 RIGHTS OF MEMBERS UPON SALE OR DISSOLUTION.

The Club has been formed as a nonprofit corporation under the Nonprofit Mutual Benefit Corporation Law of the State of California and does not contemplate the distribution of gains, profits, or dividends to any of its Members. However, in the event that the Club sells all of its assets or is dissolved and its business and affairs are wound up, then after satisfaction of all of its debts and obligations, or after adequate provision for payment thereof has been made, the remaining proceeds of sale or assets of the Club shall be distributed among the Golf Members based on an equal share per Golf Membership, to the extent that such distribution does not adversely affect the tax-exempt status of the corporation, if tax-exempt; provided, no Invitational Golf Member shall be entitled to a distribution greater than the amount such Member would be entitled to receive upon recall of such Membership pursuant to Section 2.08(d).

If any of the remaining proceeds or assets are not distributed to the Golf Members, then they shall be distributed to any other nonprofit corporation organized for purposes similar to this corporation with the intent of carrying out the purposes of this corporation.

2.11 NO DISCRIMINATION.

Except as provided in Section 2.02, the Club shall not discriminate between or among Members within a particular class of Membership for any reason. By way of example and not limitation, the Club shall not give any Member preference over any other Members of the same class with respect to use of the Club Amenities, the right to make reservations, or other similar matters.

ARTICLE III MEMBERSHIP MEETINGS AND VOTING RIGHTS

3.01 PLACE OF MEETINGS.

All meetings of the Members shall be held at the Club Amenities or at such other place within Placer County, California, as the Board may designate.

3.02 ANNUAL MEETINGS OF THE MEMBERS.

The annual meetings of Members shall be held at a date and time in the month of September or October at a location designated by the Board. At the annual meeting, directors shall be elected (if applicable) as provided in these Bylaws, reports of the affairs of the Club shall be considered, and such other business may

be transacted which is within the power of the Members as conferred by the laws of the State of California, the Articles, or these Bylaws. The first annual meeting of the Members shall be held in the month of September or October which next follows the month in which the Club accepts its first Member.

All Members shall receive notice of the annual meeting and of any special meeting of the Members and all Members shall be afforded an opportunity to address the audience at any Membership meeting, subject only to such rules of procedure as may be adopted by the Board.

3.03 SPECIAL MEETINGS OF THE MEMBERS.

Special meetings of Members may be called at any time by the President or a majority of Board of Directors. In addition, the President or the Secretary shall call a meeting of the Members within 20 days after receipt of a valid petition signed by Members constituting at least 5% of the total Voting Power. A "valid petition" shall be one which is in writing and specifies with particularity the matters to be placed before the Members for action, which shall be limited to those matters which are properly voted on by the Members under the Articles, these Bylaws and California law.

3.04 NOTICE REQUIREMENTS FOR MEMBERSHIP MEETINGS.

(a) Manner of Service. Notice of the annual and any special meeting of the Members shall be posted conspicuously in the Clubhouse and shall also be given personally, by electronic transmission, or by first class mail or other means of written communication, not less than 10 nor more than 90 days prior to the scheduled meeting date, to each Member entitled to vote at such meeting as of the record date which the Board has established for such meeting pursuant to Section 3.06. Notices shall be sent to the Member's mailing or email address as it appears on the records of the Club. If given by mail, such notice shall be deemed delivered on the date it is deposited in the United States mail, first class postage prepaid and properly addressed. If given by electronic transmission, such notice shall be deemed delivered on the date of electronic transmission, as evidenced by a printed copy of the electronic transmission indicating the sender and addressee, the email address to which it was sent, and the date and time of transmission. However, notice shall not be given by electronic transmission to a Member after the Club has been unable to deliver two consecutive notices by electronic transmission to that Member, or after the inability to so deliver the notices to the Member becomes known to the secretary, any assistant secretary, or any other person responsible for the giving of the notice.

(b) Content of Notices. The notice shall state the place, date and time of the meeting and shall set forth a general description of those matters which the Board of Directors, at the time the notice is given, intends to present for action by the Members, if any. The notice of any meeting at which directors are to be elected shall include the names of all those who are nominees at the time the notice is given to the Members. If action is proposed to be taken on any of the following matters, the meeting notice must state the general nature of the proposal or any Member action taken on such items shall be invalid:

- (i) Removing a director from office without cause;
- (ii) Filling vacancies on the Board of Directors under those circumstances where a vote of the Members is required pursuant to section 4.06, below;
- (iii) Amending the Articles or these Bylaws in any manner requiring approval of the Voting Members;
- (iv) Approving any contract or transaction between the Club and one or more of its Directors, or between the Club and any corporation, firm or association in which one or more of its Directors has a material financial interest;
- (v) Voting on any assessment requiring Member approval pursuant to Article VII; or
- (vi) Voting upon any proposal to voluntarily dissolve the Club.

At any special meeting, action shall be limited to those matters described in the notice. At the annual meeting any proper matter may be presented at the meeting for action by the Members, except as otherwise provided above and in Section 3.05(a) below.

3.05 QUORUM REQUIREMENTS.

(a) Membership Meetings. At any meeting of the Members, 20% of the Voting Power must be present in person to constitute a quorum. If this minimum quorum percentage is satisfied, but the meeting is attended by less than a third of the total number of Members entitled to vote, the only matters on which action may be validly taken are those matters that have been generally described in the notice of the meeting. Subject to the provisions of California law, the Articles, and these Bylaws, all business transacted at a meeting at which a quorum is present, including the election of directors, shall be valid and binding.

(b) Written Ballot. When Member approvals are solicited by written ballot pursuant to Section 3.10, a quorum shall be constituted when written ballots, determined to be valid by the Board of Directors or its duly appointed inspector of elections, if any, are received from at least 20% of the Voting Power within the specified balloting period.

3.06 RECORD DATES FOR NOTICE AND VOTING.

The Board of Directors shall be entitled to fix, in advance, a record date for purposes of determining the right of Members to notice, voting and other entitlements pursuant to Section 7611 of the California Corporations Code. The voting rights of any Member who is not in good standing as of the record date established for any meeting or written ballot pursuant to these Bylaws shall be suspended. To be in "good standing" a Member must be current in the payment of all Membership Fees and not be subject to any suspension of Membership privileges as a result of disciplinary action conducted in accordance with Article VIII.

3.07 APPROVAL OF MEMBERS.

Except where a greater portion of the Voting Power is expressly required by the Articles or these Bylaws, any matter requiring approval of the Members, other than election of directors, shall be deemed to have been approved upon the affirmative vote of a Majority of a Quorum.

3.08 VOTING AND PROXIES.

(a) Only those Members holding Memberships which are specifically granted voting rights pursuant to Article II shall be entitled to vote. No votes shall be cast for Unsold Memberships. Until the Turnover Date, the entire Voting Power of the Membership shall be vested in the Sponsor Member, except as otherwise specifically provided in these Bylaws.

(b) No Member shall be entitled to designate another person as a proxy to vote or to execute consents on behalf of the Member as to any matter to be acted upon by the Members.

3.09 CONSENT OF ABSENTEE MEMBERS.

Notwithstanding any deficiency in notice given for any meeting of the Members, the actions taken at such meeting shall be as valid as though taken at a meeting duly held after regular call or notice, if (i) a quorum was present at the meeting, and (ii) if, either before or after the meeting, each of the Members entitled to vote who was absent from the meeting signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

3.10 ACTION BY WRITTEN BALLOT.

(a) Written Ballot Voting, Generally. Any action which may be taken by the vote of the Members at any regular or special meeting, including the election of directors, may be taken without a meeting if done in

compliance with this section. Because it is anticipated that many Members will not be year-round residents of the Community, it is the present intention of the Club to utilize written ballot voting as the customary method of conducting elections of directors and seeking Member approvals with respect to other issues requiring such approval under these Bylaws, the Articles or California law. Nevertheless, the fact that a matter is submitted to the Members for approval by written ballot shall not preclude the Club from calling a meeting of the Members to coincide with the final date established for the return of written ballots.

(b) Procedures for Conducting a Member Vote by Written Ballot.

(i) Distribution of Written Ballots. The Board of Directors must mail a written ballot to every Member who is entitled to vote on the matter as of the record date established for determining Members eligible to vote. Ballots shall be sent to such Members at their mailing address as shown on the records of the Club.

(ii) Written Ballots for Matters Other Than Election of Directors. Written ballots soliciting Member approval on issues other than the election of directors shall set forth the proposed action, provide an opportunity to specify approval or disapproval of the proposal(s), and provide a reasonable time within which to return the ballot to the Club in order to be counted, which voting period shall not be less than 15 days following the date that the ballots are mailed to the Members. If so stated on the face of the ballot and in any accompanying solicitation materials, the Board may reserve the right to extend the stated voting period for an additional period, not to exceed 45 days, if the Board in its discretion determines that it is to the advantage and in the best interest of the Members to provide more time to cast ballots.

(iii) Written Ballots for Election of Directors. In the case of any election of directors by written ballot, the ballot and the accompany solicitation material shall list the names of those candidates who have been nominated as of the date that the ballots are produced. Written ballots distributed for any election of directors to be held by written ballot shall be sent to the Members together with the notice of the time fixed for return of the ballots, which in the case of any election coinciding with an annual Membership meeting shall be on or before the time scheduled on the agenda for the annual meeting for the receipt and counting of ballots. However, the absence of a quorum at such meeting shall not affect the validity of the election, provided that sufficient written ballots are received to satisfy the quorum requirements under Section 3.05(b). If the annual meeting is adjourned for any reason without concluding the election of directors, the time for the return of written ballots may be extended to the date established for the adjourned meeting to be reconvened.

(c) Minimum Requirements for Valid Action. Approval by written ballot pursuant to this section shall be valid only when the quorum requirements of Section 3.05(b) are met and the number of votes cast in favor of a proposal by written ballots returned within the time period specified equals or exceeds the number of affirmative votes that would have been 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 written ballot.

(d) Solicitation Rules. Any solicitation of written ballots shall be conducted in a manner consistent with the notice requirements of Section 3.04 and shall indicate the number of responses needed to meet the quorum requirement and, with respect to ballots for proposals other than the election of directors, the solicitation materials shall state the percentage of approvals necessary to pass the proposal. The solicitation materials must also specify the time by which the ballot must be received by the Club in order to be counted.

(e) No Revocation. Once cast, a written ballot may not be revoked.

3.11 ROBERTS' RULES OF ORDER.

Any meeting of Members shall be conducted according to Roberts' Rules of Order, unless a matter relating to voting or procedure is specifically controlled by a provision of the California Nonprofit Mutual Benefit Corporation Law, in which case such Law shall control.

ARTICLE IV
BOARD OF DIRECTORS

4.01 NUMBER AND QUALIFICATIONS.

(a) Number and Qualifications of Directors. The governance, administration and management of the affairs and the property of the Club shall be vested in a Board of Directors consisting of not less than three nor more than nine natural persons, as provided below.

(b) Directors Appointed by Sponsor. Until the Turnover Date, the Sponsor shall be entitled to determine the number of, and appoint, remove and replace, all of the members of the Board of Directors in its sole discretion. Such directors may, but need not, be Members.

(c) Directors Elected by Members. Not later than the Turnover Date, the Board shall consist of nine directors, six of whom shall be elected by and from the Golf and Social Members in good standing and three of whom shall be appointed by the Sponsor until all Authorized Golf Memberships and all Homesites planned for the Community have initially been sold to persons other than the Sponsor or Sponsor Affiliates. Thereafter, all nine directors shall be elected by the Golf and Social Members. The authorized number of directors of the Club may be changed after the Turnover Date by amendment of these Bylaws, provided that the vote or written consent of Members holding at least 80% of the Voting Power shall be necessary to approve any reduction in the number of directors and no reduction in the number of directors shall have the effect of removing any director prior to the expiration of his or her term of office.

4.02 NOMINATION OF DIRECTORS.

(a) Appointment of Nominating Committee. Approximately 90 days prior to the anticipated Turnover Date and 90 days prior to each annual meeting thereafter, the Board of Directors shall appoint a nominating committee consisting of five members, who shall serve until their successors are appointed. Two of those committee members shall be Golf Members, one shall be a Social Member, and two shall be members of the then incumbent Board of Directors (one of whom shall be the President of the Club) (the "**Nominating Committee**"). The Secretary of the Club shall promptly cause the names of the Nominating Committee to be posted conspicuously in the Clubhouse and to be mailed to those Members in good standing together with the notice of the meeting at which the election of directors is to occur.

(b) Duties of the Nominating Committee. At least 60 days prior to the date of any election of directors, the Nominating Committee shall nominate candidates for election as directors to fill those positions on the Board to be filled at the ensuing election. There shall be no limit on the number of candidates the Nominating Committee may nominate, provided the number of nominees shall at least equal the number of directorships to be filled at the ensuing election. Unless specifically requested by a majority of the Board of Directors, the Nominating Committee shall not nominate candidates to fill any vacancies occurring by reason of death, resignation, or removal by action of the Board for any unexpired term. Instead, such vacancies shall be filled by the remaining directors pursuant to Section 4.05.

The Nominating Committee's nominees shall be conspicuously posted in the Clubhouse promptly after their nomination and until the date of the election and a list thereof shall be mailed to each Member at least 30 days prior to the election.

(c) Nomination by Petition. Members constituting 20% or more of the total Voting Power held by Members who are neither on the Nominating Committee nor on the Board of Directors may also nominate candidates for the Board of Directors by petition signed by them and filed with the Secretary no less than 60 and no more than 90 days before the election. The names of any such nominees, after having been certified by the Secretary or any other officer that they are qualified for election and have been nominated in accordance with the provisions of these Bylaws, shall be promptly and conspicuously posted at the Clubhouse until the date of the election.

4.03 ELECTION AND TERM OF OFFICE.

(a) Election of Directors. At least 30 days prior to the Turnover Date, the President shall call for an election by which six directors shall be elected by the Members, to take office on the Turnover Date. Such directors shall allocate terms among themselves so that the initial terms of three directors will expire at the second annual meeting following their election and the initial terms of three directors will expire at the third annual meeting following their election. Upon expiration of the initial term of each director so elected, a successor shall be elected to serve a term of three years and until his or her successor is elected.

The Sponsor may continue to appoint directors to fill the remaining three positions on the Board for the period specified in Section 4.01(c), at which time their terms shall expire and the Board may appoint successors to fill the vacancies until the next annual meeting. At such annual meeting, the Members shall elect 3 directors to fill those positions. The initial terms of such directors shall be set to expire at the first annual meeting after their election at which no previously elected directors' terms will be expiring, in order to stagger the terms of the Board so that 3 of the 9 directors' terms will expire at each annual meeting thereafter.

At, or (if by written ballot) coincident with, each annual meeting after the initial election of directors, directors shall be elected for a term of three years to fill any positions being vacated by those previously-elected directors whose terms are expiring. If any such annual meeting is not held, or the directors are not elected thereat, the directors may be elected at any special meeting of Members held for that purpose. There shall be no limitation on the number of consecutive terms for which a director may be elected. The newly elected directors shall assume office at the close of the meeting (or election, if by written ballot without a meeting) at which the director is elected.

(b) Voting. Voting for the election of directors shall be conducted by use of a written ballot, as more particularly provided in Sections 3.05 and 3.10. However, except for the initial election of directors under Section 4.03(a), the balloting shall be scheduled to conclude with the annual meeting of the Members. At each election, that number of candidates equal to the number of positions to be filled who receive the highest number of votes shall be elected. Cumulative voting shall not be allowed in the election of directors.

4.04 REMOVAL OF DIRECTORS.

(a) Removal by Action of the Board. Upon the recommendation of two-thirds of the Board of Directors, any Director elected by the Members may be removed from the Board. In addition, upon the affirmative vote of three-fourths of the members of the Board of Directors, the Board may remove a director elected by the Members if such director misses three consecutive meetings of the Board of Directors or more than 50% of the last six meetings of the Board of Directors, or if the director fails to remain in good standing, as defined in Section 3.06.

(b) Removal by Action of the Members. Upon receipt of a valid petition in accordance with Section 3.03, the Board shall call a special meeting of the Members for the purpose of voting on the recall of such director or directors as are named in the petition. The petition must disclose the names of those Members who have initiated the recall and state the principal reasons why a recall is being sought. Directors may be removed with or without cause by the affirmative vote of at least a Majority of a Quorum of the Voting Power of the Members. Except as otherwise provided herein or by law, the Board of Directors shall have the sole discretion to establish the procedures to be followed in the conduct of the recall election. If a Member-initiated recall is successful, the Board shall instruct the Nominating Committee to make nominations for candidates to fill the vacancy or vacancies resulting from the recall and a special election of directors shall be conducted as soon thereafter as reasonably possible.

4.05 VACANCIES.

In the event of the death, resignation or removal of a director, the Board shall declare a vacancy. Additionally, if the Members approve an increase the authorized number of directors, but fail to elect the additional directors, or in case the Members at any time fail to elect the full number of directors authorized herein, or any director elected is unable or unwilling to serve, a vacancy or vacancies of the Board shall be deemed to exist.

In the event of a vacancy on the Board of Directors arising for any reason other than removal of a director by action of the Members, the remaining directors may appoint a successor to serve for the balance of the term of his or her predecessor in office. Whenever a director is removed from office by action of the Members, the Board shall call a special meeting at which the Members shall be entitled to elect a successor.

4.06 MEETINGS OF BOARD OF DIRECTORS.

(a) Annual Meeting of the Board. Within 30 days after any election of directors by the Members, the Board of Directors shall hold its annual meeting for purposes of electing the Club's officers, appointing Members to any vacancies then existing on any standing committee, and considering and, if appropriate, acting upon any other matters as may properly be brought before the meeting.

(b) Quarterly Meetings. There shall be a regular meeting of the Board of Directors no less frequently than once each calendar quarter. The date, time and place thereof shall be fixed by the Board and recorded by the Secretary in the minutes of the Club. Once the date, time and place of such meetings have been recorded in the minutes, no further notice thereof need be given to the Directors.

(c) Special Meetings. Special meetings of the Board of Directors may be called at any time by the President or, if he or she shall be absent or is unable or refuses or neglects to act, by any three Directors. All Directors shall be notified of the time, place and purpose of each special meeting upon five days prior notice by first-class mail or 72 hours' notice delivered in person or by any reliable means of telecommunication.

(d) Quorum. A majority of the authorized number of directors shall be necessary to constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as an act of the Board of Directors unless approval of a greater number of directors is required by law, the Articles of Incorporation or these Bylaws.

(e) Waiver of Notice. Notwithstanding any other provision of these Bylaws, the transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after being regularly called and noticed if a quorum is present and if, either before or after the meeting, each of the Directors signs a written waiver of notice or consent to the holding of the meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

(f) Action Without Meeting. Notwithstanding any other provision of these Bylaws, any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consents shall be filed with the minutes of the proceedings of the Board of Directors. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Directors.

(g) Telephonic Meetings. Members of the Board of Directors may participate in a meeting through use of conference telephone or similar communications equipment, so long as all Directors participating in such meeting can hear one another. Participation in a meeting as permitted in the preceding sentence constitutes presence in person at such meeting for all purposes of these Bylaws.

(h) Executive Sessions. The Board of Directors may, with the approval of a majority of a quorum of the members of the Board, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, the nomination of directors, litigation in which the Club is or may become involved, and orders of business of a similar sensitive nature.

(i) Roberts' Rules of Order. Any meeting of the Board of Directors shall be conducted according to Roberts' Rules of Order unless a matter relating to voting or procedure is specifically dictated by the California Nonprofit Mutual Benefit Corporation Law, in which case the Law shall control.

4.07 POWERS OF DIRECTORS.

Subject to any limitation contained in the Articles, these Bylaws, or California law, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Club shall be controlled by, the Board of Directors. Subject to the rights of the Sponsor under Article IX and other provisions of these Bylaws and the Transfer Agreement, such powers shall include, without limitation, the power:

(a) to select, retain and discharge, as appropriate, a chief operating officer and general manager to handle day-to-day management of the Club and the Club Amenities (including the selection, retention, direction, supervision, and discharge of other Club personnel), to prescribe such powers and duties for the chief operating officer and general manager as are not inconsistent with law, with the Articles of Incorporation or these Bylaws, to fix their compensation; and to appoint a member of the Board as a liaison between the Board and such chief operating officer and general manager; and

(b) to conduct, manage and control the affairs and business of the Club, and to adopt, alter, amend or repeal such Club Rules as it may deem necessary in connection therewith, consistent with applicable laws, the Articles and these Bylaws, and to determine all matters affecting decorum and harmony;

(c) to manage, control, operate, maintain, repair, replace and improve the Club Amenities;

(d) to designate any place within Placer County, California, for holding of any meeting of the Board or the Members;

(e) to adopt, make and use a corporate seal, and to alter the form of such seal from time to time as in its judgment it deems best, provided such seal shall at all times comply with any applicable laws;

(f) to authorize the issuance of Memberships and to prescribe the terms under which such Memberships shall be issued;

(g) to borrow money and incur indebtedness for the purposes of the Club, and to cause to be executed and delivered therefore, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations and other evidences of debt and securities therefor;

(h) to appoint various committees in connection with the management or operation of the Club;

(i) to prescribe, as part of the Club Rules, rules of conduct for Members and their families and guests and rules of admission for visitors and guests; and to determine and enforce disciplinary measures for any violation of these Bylaws or the Club Rules;

(j) to fix and collect Membership Fees and to levy and collect assessments against the Members, subject to the limitations set forth in Article VII;

(j) to issue, suspend, cancel, and transfer Memberships, and the Membership Certificates and membership cards, if any, evidencing the same;

(k) to obtain, for the benefit of the Club and its Members, such liability, property, and other insurance and fidelity bonds as it may deem appropriate or as may be required by these Bylaws or California law; and

(l) to enter into leases or to purchase equipment, supplies and personal property for use in connection with the operation of the Club and the accommodation of its Members;

(m) to take disciplinary action as authorized pursuant to these Bylaws; and

(n) to take any other action and perform any other act which the Board deems necessary or appropriate to achieve the Club's purposes as stated in the Articles and these Bylaws.

The Board shall exercise its powers in the manner determined by a majority vote of a quorum of directors, unless the Articles, these By-Laws or California law require a greater vote or a vote of the membership. An individual director shall have no authority to make independent decisions on behalf of the Board, or to exercise any powers of the Board, except to the extent that the Board expressly delegates the authority to implement a Board decision to a specific officer or director. Board members and officers shall not supervise, direct, delegate tasks to, or reprimand Club staff; rather all issues and concerns relating to personnel and other day-to-day operational matters within the scope of the chief operating officer or general manager's responsibilities shall be addressed to the chief operating officer or general manager.

4.08 COMPENSATION.

No director shall receive a salary or any other compensation whatsoever, but shall be entitled to reimbursement for all expenses reasonably incurred in performing any duties pursuant to these Bylaws. The Board may require presentation of invoices, receipts or other bona fide evidence of payment as a condition for reimbursement of expenses.

4.09 INTERPRETATION OF BYLAWS.

The Board of Directors shall have the corporate powers generally to do everything permitted of a nonprofit mutual benefit corporation by law, by statute, by the Articles of Incorporation and by these Bylaws, and to determine the interpretation or construction of the Bylaws, or any parts thereof, which may be in conflict or of doubtful meaning, which interpretation or construction shall be final and conclusive.

4.10 INDEMNIFICATION.

(a) To the fullest extent permitted by law, the Club shall indemnify, defend, protect and hold harmless each director, officer, manager, and employee of the Club, from and against any expenses, judgments, fines, settlement, and other amounts actually and reasonably incurred in connection with any threatened, pending or completed action or proceeding, whether criminal or civil, administrative or investigative (a "**Proceeding**"), arising out of any such person's failure in his or her official capacity to exercise due care regarding the management or operation of the Club, unless the act or omission involves intentional misconduct, fraud, or knowing violation of the law. The Club shall advance to such persons expenses incurred in defending any Proceeding prior to the final disposition thereof to the fullest extent and in the manner permitted by applicable law.

(b) The Board of Directors shall cause the Club to purchase and maintain insurance, in such amounts as the Board deems appropriate, for the benefit of those persons identified in subsection (a), insuring them against any liability asserted against or incurred by any of them in such capacity and claims arising out of each such person's status as a director, officer, manager or employee of the Club, whether or not the Club would have the power or obligation to indemnify them against such liability.

ARTICLE V **OFFICERS**

5.01 ELECTION.

The first officers of the Club shall be elected at the first meeting of the Board and shall serve, unless replaced by the Sponsor prior thereto, until officers are elected at the first organization meeting of the Board following the election of directors by the Club's Members pursuant to Section 4.03. Thereafter, at each annual organization meeting or a special meeting called for that purpose, the Board shall elect the officers of the Club. The officers shall be a President, one or more Vice Presidents, a Treasurer, and a Secretary. No person shall simultaneously hold more than one office, except that the office of Secretary and Treasurer may be held by the same person. Officers shall serve from the time of their election until their successors are elected unless they earlier resign or are removed from office. Officers may be re-elected to the same or different offices. Any officer

may be removed for cause by the affirmative vote of a majority of the Board. If a vacancy in any office exists for any cause whatsoever, the Board may elect an officer to fill such vacancy.

5.02 PRESIDENT.

The President shall be Chief Executive Officer of the Club. It shall be his or her duty to preside at all meetings of the Members of the Board, to see that the Bylaws and the Club Rules are enforced, to supervise generally the affairs of the Club and, at the annual meeting of Members, to make a report of the affairs of the Club during the preceding fiscal year. The President shall have the general powers and duties usually vested in the office of the president of a corporation and such other specific powers and duties as may be prescribed by these Bylaws or the Board. The President may call special meetings of the Board of Directors, shall be an ex-officio Member of all committees appointed by the Board, and is empowered to execute all papers and documents requiring execution in the name of the Club.

5.03 VICE PRESIDENT.

In the absence or disability of the President, the Vice President shall perform and carry out all duties and responsibilities of the President. The Vice President shall generally assist the President and perform such other duties as the President shall assign.

5.04 TREASURER.

The Treasurer shall be Chairman of the Finance Committee. In addition, the Treasurer shall: (a) cause to be collected, held, and disbursed, under the direction of the Board of Directors, all monies of the Club; (b) collect monies due to the Club, whether from the issuance or reissuance of Memberships, from the levying of Membership dues and assessments and other charges, or from any other source; (c) keep or cause to be kept regular books of account and all financial records of the Club; (d) prepare for, and submit to, the Board of Directors any proposed budgets and financial statements when and in the form requested by the Board of Directors; (e) deposit or cause to be deposited all monies of the Club in an account or accounts in the Club's name, in a bank or other financial institutions designated by the Board of Directors; and (f), if so requested by the Board of Directors, provide a surety bond for faithful performance in the amount directed by the Board of Directors, such surety bond premium to be paid for by the Club. Any other person or persons having access to monies of the Club or its bank accounts shall be similarly bonded, if so required by the Board of Directors.

5.05 SECRETARY.

The Secretary shall keep a record of the meetings and proceedings of the Board and its committees and of the Members of the Club in a book or books appropriate for such purpose and shall handle notices, correspondence and other such business for the Club. The Secretary shall also keep a record of Members which has the name, address and class of Membership held by each Member. The Secretary shall perform all duties required of the Secretary by these Bylaws or the Club Rules shall have such other duties and powers as the Board may prescribe. In case of the absence of the Secretary or his or her inability, refusal or neglect to perform the duties of the Secretary, such duties may be performed by any person so authorized by the President.

5.06 OTHER OFFICERS.

The Board of Directors may from time to time appoint additional officers and designate their respective duties.

5.07 DUTIES OF OFFICERS.

Any officer may be given additional responsibilities and duties by the Board of Directors.

ARTICLE VI COMMITTEES

6.01 GENERAL PROVISIONS.

The Board shall have the power to appoint such standing and ad hoc committees as it shall deem advisable from time to time. Each committee shall perform such duties and exercise such powers as those Bylaws or the Board shall prescribe. The Club's several committees shall each act only as a committee and the individual members thereof shall have no power or authority to represent, act on behalf of, or to bind the Club. The chairman of each committee may appoint such subcommittees as he or she deems desirable from the members of his or her committee. Such subcommittees shall report directly to the committee as a whole, which shall approve, amend or disapprove the report of the subcommittee.

6.02 STANDING COMMITTEES.

The Board shall appoint the following standing committees after the Turnover Date:

(a) Executive Committee. The Executive Committee shall consist of the President, as Chairman, the Treasurer, and at least one additional director, at the discretion of the President. The Executive Committee shall have the powers of the Board of Directors during the interval between meetings of the Board of Directors. A quorum shall be a majority of the members of the Executive Committee, and any actions and resolutions shall require unanimous approval of the committee members present.

(b) Finance Committee. The Finance Committee shall consist of the Treasurer, one other Member of the Board of Directors, who may be designated as the Assistant Treasurer, and such number of Finance Committee members as the Board may from time to time designate. Except as specifically defined herein, the Finance Committee shall in general supervise, direct and control all matters pertaining to the Club's finances including, but not limited to, the obtaining of all necessary insurance, the filing of tax returns and payment of taxes, the preparation of the annual operating budget, the preparation of the current reports for the Board of Directors on the Club's financial condition and the issuance to the Members of a condensed annual operating statement. The Finance Committee shall have the power, with the approval of the Board of Directors, to employ, at the expense of the Club, such professional and clerical aid and assistance as may be necessary to handle the Club's accounts. The account books and vouchers of the Club shall at all times be open to the inspection of any member of the Board of Directors.

(c) Membership Committee. The Membership Committee shall consist of five persons, including at least one director (all of whom must be Members following the Turnover Date). The President shall appoint, subject to confirmation by the Board of Directors, a Director to serve as committee chairman. Members of this committee shall serve for a period of two years unless they resign or are removed from the committee by action of the Board. If a vacancy occurs on the Membership Committee it shall be filled by the chairman, subject to confirmation by the Board, and the person appointed to fill a vacancy shall serve until the term of the committee member whom he or she replaced would have expired. The Membership Committee shall investigate each candidate for Membership and shall vote whether to accept a candidate for Membership. The Membership Committee shall be responsible for fully advising an accepted candidate of the Club Rules and Bylaws, and for outlining to such candidate all of the Member's legal obligations. The records and proceedings of the Membership Committee shall be confidential and shall be subject to inspection only by the Board. The Membership Committee shall fix the time for the holding of its regular and special meetings and shall be subject to such rules and regulations as the Board may from time to time adopt with respect to the Membership Committee.

6.03 OTHER ADVISORY COMMITTEES.

After the Turnover Date, the Board may, but shall not be obligated to, appoint other advisory committees with such duties as the Board may prescribe. Such committees, if established, shall formulate programs and submit them with recommendations to the Board of Directors for approval. The management of the Club shall have control of the execution of such programs and recommendations as are approved by the

Board of Directors. The advisory committees shall act only as consultants and advisors to the Board of Directors. The Sponsor may elect, in its discretion, to establish any such committees prior to the Turnover Date.

6.04 AD HOC COMMITTEES.

The President, subject to the approval of the Board of Directors, may, from time to time, appoint such ad hoc committees, with such powers and composition as the President, with such approval, shall determine.

ARTICLE VII MEMBERSHIP FEES

7.01 INITIAL MEMBERSHIP CONTRIBUTION.

(a) The Initial Membership Contribution to be paid for Membership is subject to increase or decrease from time to time in the sole discretion of the Sponsor until all Authorized Golf Memberships and all Homesites planned for the Community have been initially sold (excluding resales), and thereafter in the sole discretion of the Board of Directors. No Initial Membership Contribution shall be charged for Honorary Memberships or the Sponsor Membership. Notwithstanding any offering price established by the Sponsor, the Sponsor may discount or waive the Initial Membership Contribution for any particular Membership sold during the period that the Sponsor has the right to establish the offering price.

(b) Unless otherwise agreed by the Club or the Sponsor in a Member's Membership Agreement, the Initial Membership Contribution shall be payable in full at the time a Candidate Profile and Membership Agreement are submitted to the Club for consideration.

(c) The Club and the Sponsor shall have the right, but not the obligation, to finance the Initial Membership Contribution payable for any Membership on such terms and conditions as are set forth in a promissory note and security agreement signed by the Member and the Club or the Sponsor, as applicable. If the Member thereafter fails to pay any installment or any accrued finance charges when due, the Club or the Sponsor, as the holder of the promissory note, shall be entitled to cancel the Membership by written notice to the Member, without the necessity of complying with the procedures or grace periods set forth in Section 7.04, in which event the Member shall forfeit the Membership and all amounts which the Member has previously paid on account of the Membership and the Member shall have no further rights with respect thereto. Any Membership forfeited pursuant to this subsection (c) shall be returned to inventory and shall be an Unsold Membership to be treated as if it had never been sold.

7.02 PERIODIC DUES AND FEES.

(a) Establishment of Dues and Fee Structure. Except as otherwise provided herein and in Article IX and the Transfer Agreement, the Sponsor, until the Turnover Date, and thereafter the Board of Directors, shall set the dues, fees and other charges payable by the Members (except as otherwise provided as to Honorary Members in Section 2.02(a)(iii)), including charges for specific items and services offered by the Club. The Sponsor and the Board of Directors, as applicable, reserve the right to establish, modify, increase or change the dues, fees and other charges payable by Members from time to time and may establish different levels of dues for each class and category of Membership, subject to the limitation that dues shall not increase by more than 5% per year for the first two years after the full dues rate has initially been established for each class of Membership pursuant to subsection (b) below and subject to any other limitation set forth in a Member's Membership Agreement or these Bylaws. No dues shall be payable for Honorary Memberships or Unsold Memberships.

The Sponsor may discount or waive the dues otherwise payable for any Membership, as specified in the Member's Membership Agreement. If the period of any such dues waiver for a Membership extends beyond the Turnover Date, the Sponsor shall pay to the Club, as they become due and payable, the dues that would otherwise be payable on account of such Membership for the period between the Turnover Date and the end of the dues waiver period. Any such dues waiver shall terminate upon resignation and the Club's

repurchase of the Membership prior to the end of the dues waiver period. Dues shall be waived for Founder Golf Members until July 1, 2013, and thereafter shall be payable at the same rate as Martis Camp Golf Members.

(b) Commencement of Dues Payment. Except as otherwise provided above, the obligation to pay dues for all outstanding Golf and Social Memberships shall commence on the date of issuance of the Membership. Dues shall be payable annually in advance on or before January 31 of each year, unless otherwise provided by the Board. Members whose Memberships terminate during the year are not entitled to a refund of any dues, except that upon the Club's repurchase and reissuance of a Membership pursuant to Section 2.08, the annual dues for the year in which such reissuance occurs shall be prorated on a per diem basis between the former Member and the new Member as of the effective date of such reissuance, and the Club shall refund to the former Member that portion of the annual dues which the former Member paid for the portion of the year after the effective date of such reissuance. New Members, upon admission, shall pay prorated annual dues from the date of issuance of their Membership through the remainder of the year.

(c) Other Charges. Member use fees, food and beverage charges, and other amenity service fees shall be due and payable within 30 days of the date billed. Members shall be billed for and shall be responsible for paying all charges and fees incurred by the Member's Immediate Family, Extended Family, and guests.

7.03 ASSESSMENTS.

Prior to the Turnover Date, the Sponsor shall be responsible for operation of the Club and for any operating deficits. Accordingly, there shall be no assessment of the Members for operating deficits prior to the Turnover Date. The Club may assess Members for other purposes prior to the Turnover Date only if such assessment is approved by Members other than Honorary Memberships entitled to cast a majority of the total votes that would be allocated after the Turnover Date to the Memberships (other than Honorary Memberships) outstanding on the date such vote is taken.

After the Turnover Date, the Club may impose assessments for any reason provided the assessment is approved by a majority of the total Voting Power of the Members other than Honorary Members, except that:

(a) assessments required to pay for operating deficits or for unbudgeted repairs, maintenance or replacement shall not require Member approval so long as the amount assessed during any fiscal year to any Member does not exceed an amount equal to one-sixth of the annual dues as in effect for the category of Membership held by such Member at the time the assessment is imposed; and

(b) assessments for capital expenditures to the golf course and golf-related facilities shall be voted on and paid only by the Golf Members.

All other assessments for capital improvements following the Turnover Date shall be voted on by and assessed equally against all Members except Honorary Members.

Any assessments imposed to defray expenses for undertakings that are not capital expenditures shall be assessed among the Members in the same ratio as the annual dues payable by each category of Membership at the time the assessment is imposed. No such assessment shall be assessed against Honorary Memberships or against any Unsold Membership.

7.04 DELINQUENCIES.

An itemized statement of any Membership Fees payable by a Member shall be mailed monthly to each Member. Any Member failing to pay his or her indebtedness to the Club within 30 days after the date of the statement upon which it first appears shall be considered delinquent and shall be so notified in writing by the Treasurer. If the Member's account is not brought current within 30 days after the due date, the Board of Directors shall have the right to charge the delinquent Member a late charge in the amount of \$100.00 or 10% of the delinquent amount due, whichever is less, each month that all or any portion of the Member's account

remains delinquent. In addition, the name of the Member, together with the amount due the Club, may be posted in the Clubhouse and the delinquent Member's credit privileges may be suspended. If such indebtedness is not paid within 60 days after the due date, the Board of Directors may suspend the privileges of the delinquent Member. Such privileges may be reinstated by the Board of Directors upon payment of all Membership Fees, including all Membership Fees accruing during the period of suspension, plus any attorneys' fees incurred by the Club with respect to the deficiency and interest calculated at the lesser of the rate of 18% annually, or the maximum rate permitted by law.

If any Member whose privileges have been suspended pursuant to this Section fails to pay all Membership Fees and reinstate such privileges within 30 days of such suspension, the Board may expel the Member upon written notification sent by certified mail to the delinquent Member. The Club may sue to recover a money judgment for unpaid Membership Fees, without thereby waiving any other rights contained herein. Expulsion of Members hereunder shall be subject to the provisions of Article VIII.

The Board of Directors may authorize the institution of legal action by the Club for the collection of dues, assessments, indebtedness or other financial obligations owing to the Club by a Member. If the Board of Directors retains legal counsel to collect any such amount, the Club shall be entitled to recover from the Member, in addition to all delinquent sums, its reasonable costs, expenses and attorneys' fees incurred in attempting to collect and collecting such amount, whether or not legal action is in fact instituted.

ARTICLE VIII **DISCIPLINE**

8.01 CONDUCT OF MEMBERS; AUTHORITY TO DISCIPLINE.

Any Member whose conduct, or that of his or her family or guest(s), shall be deemed by the Board of Directors to be improper or likely to endanger the welfare, safety, harmony, or good reputation of the Club or of its Members, may be reprimanded, fined, suspended, or expelled from the Club by action of the Board of Directors. Prohibited conduct includes, but is not limited to, (i) failure to pay any sums due to the Club when due; (ii) conviction of a felony, or of a misdemeanor involving moral turpitude; and (iii) the performance by the Member, members of his or her family or guests, or any of them, of acts which the Board of Directors of the Club determines in its sole discretion to be detrimental to the interests, welfare, safety, harmony or good reputation of the Club, its Members or employees. In the discretion of the Board, conduct of a Member's family or guests may be cause for expulsion of the Member, or may result in denial of privileges to such family member or guests, in such manner and for such time as the Board of Directors may determine. The Board of Directors shall be the sole judge of what constitutes improper conduct or conduct likely to endanger the welfare, safety, harmony or good reputation of the Club, its Members or employees, and such determination shall be final.

Notwithstanding the right of the Board to expel a Member for conduct described in this Section, Members who are delinquent in the payment of financial obligations to the Club shall first have their membership privileges suspended pursuant to Section 7.04. Suspension of a Member's privileges pursuant to this Section does not terminate a Membership and the Member shall continue to be liable for Membership Fees accruing during the period of suspension. A Member who has been expelled from the Club shall be deemed to have resigned his or her Membership pursuant to Section 2.08, and shall have all privileges of Membership suspended but shall continue to be liable for Membership Fees accruing after expulsion and until the effective date of resignation pursuant to Section 2.08. Any Member whose Membership account is delinquent, or whose Membership privileges have been suspended or who has been expelled pursuant to this Section, shall not be considered in "good standing."

8.02 CHARGES AND HEARING.

Any Member or officer of the Club or the Club's Chief Operating Officer or General Manager may present charges against an allegedly offending Member. The charges, including a summary of facts upon which they are based, shall be stated in writing and presented to the Board of Directors, or to a committee

designated by the Board to receive such charges. If a committee is appointed by the Board of Directors to receive such charges, the committee shall determine whether disciplinary action against the Member charged should be recommended to the Board of Directors. If the committee recommends no action, no further action shall be taken.

If such committee recommends action against the Member or if, in the Board of Directors' judgment, the charges are sufficient to warrant further inquiry, the Board of Directors shall call for a hearing on the charges and notify the Member charged by first-class or certified mail of such hearing, not less than 15 days prior thereto, including with such notice a statement of the charges giving rise to the disciplinary action or the reasons for possible expulsion, suspension or other discipline, together with a concise summary of the facts upon which they are based.

Disciplinary hearings shall be held before the Board or a committee appointed by the Board of Directors. The Member may, not less than five days before the effective date of the expulsion, suspension, or other discipline (and the notice shall so instruct the Member), file with the Secretary of the Club a written statement, under oath, setting forth any and all of his or her defenses to such charges. The Member may not thereafter raise any defenses not clearly set forth in such statement, and if he or she fails to file any such statement within such time the Member shall be deemed to have waived his or her right to any hearing, all defenses and all objections to any penalty imposed with respect to the charges. Upon filing such statement within such time, the Member shall be entitled to attend the hearing, with or without counsel, and present evidence and arguments within the scope of such statement in the member's behalf. Evidence and argument in support of the charges may also be heard.

8.03 ACTION BY BOARD OF DIRECTORS.

All evidence presented to the Board of Directors or the committee appointed by the Board of Directors in connection with any such charges or hearing, and any records of the deliberations of the Board of Directors or the deliberations of the committee appointed by the Board of Directors, except for the final determination of the Board of Directors or the committee, shall be available for inspection only by the Board of Directors or the committee, and any hearing held pursuant to this Article shall be attended only by those persons who in the discretion of the Board of Directors or the committee are necessary to afford a complete and impartial hearing.

8.04 EXPULSION PROCEDURE.

Any Member who is expelled in accordance with this Article shall not again be eligible for Membership nor admitted to the Club Amenities under any circumstances. An expelled member shall be given written notice of expulsion which shall include any written findings adopted by the Board of Directors, sent by certified mail.

8.05 APPEALS PROCEDURES.

Within 30 days of the transmittal of notice of expulsion, the expelled Member may appeal such expulsion to the Board of Directors by filing a notice of appeal with the Secretary, which notice shall request the President to call a special meeting of the Board of Directors to be held within 30 days, and, at least 20 days prior to said meeting, to submit to the Board of Directors a Statement from the expelled Member stating his or her position. The President shall call the meeting and comply with the above provisions. The expulsion shall stand unless two-thirds of the Board of Directors then in office vote by secret ballot to reverse the decision of the Board of Directors.

8.06 NO LIABILITY.

Neither the Club nor any of its officer or directors shall have any liability whatever to any Member affected by any disciplinary proceeding under these Bylaws.

**ARTICLE IX
RIGHTS OF SPONSOR**

As more particularly described in the Transfer Agreement, the Sponsor has committed to fund all costs of constructing the Club Amenities and to convey the lands upon which the Club Amenities are located, together with the Club Amenities, to the Club on the Transfer Date. Prior to the Turnover Date, the Sponsor has committed to fund all cumulative net operating deficits of the Club (as defined in the Transfer Agreement). As consideration for those commitments and undertakings, which will confer substantial benefit and financial stability to the Club and its operations in its formative years, the Sponsor has the following rights and privileges, in addition to those specific rights and privileges described elsewhere in these Bylaws or the Transfer Agreement:

- (a) the sole and exclusive right, until the Turnover Date, to:
 - (i) appoint all of the members of the Board of Directors;
 - (ii) initially establish and thereafter increase or decrease the amount of all periodic dues, fees and other charges payable by the Members prior to the Turnover Date, including any separate charges to be made by the Club for individual services to Members, subject to any necessary regulatory approvals and subject to the limitation that that dues shall not increase by more than 5% per year for the first two years after the full dues rate has initially been established; and
 - (iii) receive (A) all membership dues, fees and other charges due or incurred by Members through the Turnover Date; and (B) all cumulative net operating income of the Club through the Turnover Date; and
 - (iv) use the clubhouse at no charge for administrative, sales and membership offices;
- (b) the sole and exclusive right, until all Authorized Golf Memberships have initially been sold to persons other than the Sponsor or Sponsor Affiliates, to:
 - (i) receive all proceeds from the initial sale and resale (less the amount paid to a resigning Member upon repurchase and reissuance, if applicable) of Memberships and Membership upgrades, and all reinstatement fees and transfer fees paid for Social Memberships, and to record or cause the Club to record a mortgage, deed of trust, or similar security instrument against the Club Amenities securing such right;
 - (ii) create additional classifications and categories of Membership, provided that the total number of Authorized Golf Memberships is not exceeded, and to establish, modify and waive the eligibility requirements for any Membership classification or category, subject to the terms of these Bylaws; and
 - (iii) consent or withhold consent, in its sole discretion, to any proposed amendment to the Club's Articles of Incorporation and these Bylaws;
- (c) the right, until all Authorized Golf Memberships are issued and outstanding and all Homesites planned for the Community have initially been sold to persons other than the Sponsor, Sponsor Affiliates, or builders, to:
 - (i) establish and thereafter increase or decrease the Initial Membership Contribution to be charged by the Club for Memberships, subject to the receipt of any necessary regulatory approvals;
 - (ii) designate if, when, and to whom all Memberships shall be issued;
 - (iii) establish criteria and procedures for selection for Membership in the Club, to establish and modify waiting list priorities, and to approve all candidates for Membership;
 - (iv) receive all Unsold Memberships and sell such Memberships without consulting or involving the Club; provided, any Social Memberships remaining in inventory after the initial sale of all

Authorized Golf Memberships and all Homesites planned for the Community to persons other than Sponsor affiliates shall be returned to the Club;

(v) require the Club to recall any outstanding Invitational Memberships in order to make a Martis Camp Golf Membership available for issuance to eligible purchasers of Homesites;

(vi) consent or withhold consent, in its sole discretion, to any change in the number, classes, categories, or privileges of Memberships which the Club may issue, any changes in the design or layout of the golf course, and any additions or modifications to the clubhouse; and

(vii) adopt, amend and distribute an offering circular and other materials for the offering of Memberships in the Club, provided that any amendment shall not be inconsistent with this Transfer Agreement or these Bylaws unless they are also amended, subject to the approval requirements, if any, set forth in those documents; and

(viii) discount or waive the Initial Membership Contribution for any Membership and waive dues that would otherwise be payable prior to the Turnover Date; provided that if the period of any such dues waiver for any Membership extends beyond the Turnover Date, the Sponsor shall pay to the Club, as they become due and payable, the dues that would otherwise be payable on account of such Membership for the period between the Turnover Date and the end of the dues waiver period and, upon resignation and the Club's repurchase of any Membership with a dues waiver prior to the end of the dues waiver period, the dues waiver shall terminate.

(ix) use and designate others to use any or all of the Club Amenities, including the golf course, in connection with the development, marketing and sale of property in the Community and the marketing and sale of Memberships, and in connection with the other business activities of the Sponsor and Sponsor Affiliates, upon such terms and conditions as the Sponsor may determine from time to time, as more particularly described in the Transfer Agreement. Until the Turnover Date, such use shall be without charge. After the Turnover Date, the Club may require payment of the same use fees charged accompanied guests of Members for use of the Club Amenities.

ARTICLE X MISCELLANEOUS

10.01 FISCAL YEAR.

The fiscal year of the Club shall commence on January 1 and conclude on December 31.

10.02 CONFLICTS.

In the event of a conflict between the terms of these Bylaws and the Articles, the latter shall prevail. In the event of a conflict between these Bylaws and the Club Rules, the Bylaws shall prevail.

10.03 COMPLAINTS.

Unless the Club Rules otherwise provide, all complaints of Members with regard to the operation of the Club and Club personnel shall be made in writing directly to the Club's chief operating officer, general manager, or the President of the Club. Members shall not directly reprimand Club personnel.

10.04 CLUB'S REMEDIES NONEXCLUSIVE.

The remedies afforded the Club by these Bylaws with respect to Members shall be cumulative and nonexclusive. The Club may, in addition to pursuing any internal remedies, pursue any legal remedies which it has without making any election of remedies.

10.05 GENDER.

To the extent that the masculine gender has been used in these Bylaws, such use is for ease of reference only and such reference shall also mean to include the female gender.

10.06 SEVERABILITY.

Should any clause, provision or part of these Bylaws be held to be void or voidable, the remaining provisions shall nevertheless remain in full force and effect.

10.07 NOTICE.

Except where otherwise clearly specified herein, whenever any notice, statement or other communication between the Club (including the Board of Directors and officers) and Members is required or permitted to be given, it shall be given in writing and shall be sent by United States mail, postage prepaid, addressed, if to the Club, to Martis Camp Club, c/o General Manager, 7951 Fleur du Lac, Truckee, California 96161, or, if to a Member or to a Director, to such Member's or Director's last known address on file in the Secretary's office of the Club. Any notice so sent shall be deemed to have been given and received on the second business day following the date of its deposit in the United States mail. Any Member or director who changes his or her address for the receipt of notices shall give the Secretary advance notice of such change. Failure to do so shall be deemed a waiver of any and all notices required or permitted by the Bylaws or Club Rules until such time as written notice of such change of address is received by the Club. Further, whenever any notice is required to be given by the Club, the certificate of the Secretary entered in the minutes of the Club shall be prima facie evidence of fact of such notice.

10.08 MEMBERSHIP LIST.

The Membership's mailing list shall be private and confidential. It shall not be made available to any Member, or published, except for official Club purposes; it being the intention of this provision to prohibit the circularizing of the Membership list for private purposes. Any Member duly nominated for or seeking election to the Board of Directors, shall be entitled to the use of such list for campaign purposes provided any such circularization is done by the Club staff and is paid for by such person or persons and not the Club. No Member shall make use or disclose to others for use the Membership roster or mailing list for the purpose of making mass or general mailings for business or commercial purposes.

10.09 TAXES.

Members of all classes, other than Honorary Members, shall pay their pro rata share of any tax or assessment imposed or levied by the United States Government, the State of California, or any political subdivision thereof, or any other governmental agency, on any Membership Fee owed by such Member.

10.10 CORPORATE SEAL.

The corporate seal of the Club shall be circular in form and shall bear the words "Martis Camp Club" and the date of the Club's formation. The corporate seal shall be in the possession of the Secretary and be affixed by him to all documents relating to the official acts of the Club, as authorized by the Board of Directors.

10.11 AMENDMENTS.

(a) Approval by Sponsor. The Club shall not amend these Bylaws without the Sponsor's prior written consent until all Authorized Golf Memberships and all Homesites planned for the Community have initially been sold to persons other than the Sponsor or Sponsor Affiliates.

(b) Amendment Prior to Turnover Date. Subject to subsection (a) and (d), prior to the Turnover Date, these Bylaws may be amended by the Board of Directors in its sole discretion.

(c) Amendment After Turnover Date. Subject to subsections (a) and (d), after the Turnover Date, these Bylaws may only be altered, amended, or repealed, or new Bylaws adopted upon the approval of Members holding more than 50% of the Voting Power of Members other than the Honorary Members.

(d) Additional Approval Required for Certain Amendments. In addition to the approval requirements under subsections (b) and (c) above, no amendment that would materially adversely affect the rights or privileges granted in these Bylaws to any class or category of Members, or impose any new obligation on some but not all classes or categories of Members, shall be effective without the approval of Members then holding a majority of the outstanding Memberships in each class or category of Membership whose rights, privileges, or obligations would be materially adversely affected by the proposed amendment. No amendment that would materially adversely affect rights granted to any Member pursuant to 2.03(b) to designate a Designee for any Membership, or pursuant to Section 2.05(a) to hold more than one Membership, shall be effective without the approval of such Member.

560901/club/Amended ByL/-092616/jps