

RECORDING REQUESTED BY AND WHEN RECORDED

RETURN TO:

NOLAND, HAMERLY, ETIENNE & HOSS

ATTN: LLOYD W. LOWREY, JR.

333 Salinas Street

Salinas, CA 93901

RECORDED AT REQUEST OF

BYLAWS 49528

OF

JUL 22 3 14 PM '93

VICTORINE RANCH MUTUAL WATER COMPANY
A California Corporation

OFFICE OF RECORDER
COUNTY OF MONTEREY
SALINAS, CALIFORNIA

ARTICLE 1.
NAME AND LOCATION

The name of this corporation shall be Victorine Ranch Mutual Water Company ("Mutual"). The Mutual's principal office shall be fixed and located at such place within Monterey County, California, as the Mutual's Board of Directors shall determine. Branch or subordinate offices may be established at any time by the Board at any place or places.

ARTICLE 2.
PURPOSES

The Mutual's purposes are:

A. To develop, distribute, supply and deliver water to all of its shareholders for domestic and irrigation use, at actual cost plus necessary expenses, with costs to be shared by the shareholders as provided herein.

B. To have and exercise all rights and powers from time to time granted to a corporation by law.

ARTICLE 3.
SERVICE AREA

Section 3.1. Area to be Served. The Mutual's service area is described on Exhibit "A" attached hereto and incorporated herein by this reference.

Section 3.2. Further Annexation to the Area to be Served. Additional real property beyond that described on Exhibit "A" may be annexed to the area to be served only when approved by the affirmative vote or written ballot of shareholders entitled to exercise a majority of the voting power of the Mutual.

Section 3.3. Limitation on Services. The Mutual shall supply water services only to shareholders of the Mutual, except as provided in Civil Code section 330.24.

**ARTICLE 4.
DEFINITIONS**

As used in these Bylaws, the following words, phrases, or terms shall have the following meanings, and the following usages shall apply:

Section 4.1. Terms as Used in Law. Except as otherwise provided herein, the terms used in these Bylaws shall have the same meaning as they have in the California Corporation Law and the California Corporate Securities Rules. Unless the context otherwise requires, the general provisions, rules of construction, and definitions contained in the General Provisions of the California Corporation Law and the California Corporate Securities Rules shall govern the construction of these Bylaws. References herein to any statute, regulation, code or law include any future amendments thereto and any provisions that may hereafter replace them.

Section 4.2. This Corporation/The Corporation. "This Corporation" or "the Corporation" means the Victorine Ranch Mutual Water Company.

Section 4.3. Mutual. "Mutual" means the Victorine Ranch Mutual Water Company.

Section 4.4. Board. "Board" means the Victorine Ranch Mutual's Board of Directors.

Section 4.5. Director. "Director" means a member of the Board.

Section 4.6. Singular and Plural; Gender. Unless the context indicates otherwise, the singular shall include the plural, and feminine, masculine, and neuter genders shall include each other.

Section 4.7. Lot or Parcel. "Lot or parcel" shall mean each separate and distinct lot or parcel of real property within the Mutual's service area, and each separate and distinct townhouse unit, apartment unit, or condominium unit within the Mutual's service area, which has been duly recorded as a separate and distinct lot, parcel, townhouse unit, apartment unit, or condominium unit in the office of the County Recorder of the County of Monterey.

Section 4.8. Water System. "Water system" means all water sources and facilities owned, controlled or operated by the Mutual for producing, supplying, distributing, and delivering water, including without limitation all wells, pumps, pipes, valves, tanks, generators, and appurtenances.

**ARTICLE 5.
SHARES & SHAREHOLDERS**

Section 5.1. One Class; Persons Eligible. There shall be one class of shares. Any owner of real property in the Mutual's service area whose property has been approved for service by the California Department of Corporations and the Mutual's Board of Directors shall, upon application and satisfaction of applicable requirements, be eligible to be a shareholder in the Mutual. The Board may adopt reasonable requirements for shareholders, including, but not limited to, proof of ownership of the property described in the share certificate, payment of fees, execution of covenants, and transfer to the Mutual of such water rights, rights to receive water, and riparian rights, as may be determined from time to time by the Board.

Section 5.2. Shares. No fractional shares may be issued or held in the Mutual. Each person or entity entitled to be a shareholder by reason of the ownership of property in the Mutual's service area may hold one separate share for each lot or parcel owned. Shares shall be issued to owners jointly if there be more than one owner.

Section 5.3. Shares Appurtenant to Land. Shares in the Mutual shall be appurtenant to the lands described in the certificates issued therefor, and shall only be transferred therewith, except after sale or forfeiture for delinquent assessments, as provided by Civil Code section 330.24. Transfer of the land to which a share is appurtenant shall be deemed the transfer of all appurtenant rights of being a shareholder in the Mutual, including the right to receive water and the right to distribution of the Mutual's assets upon dissolution of the Mutual.

Section 5.4. Certificates.

5.4.1. Share certificates in the Mutual shall be issued to the owners of record of the lands to which the shares are appurtenant. A separate certificate shall be issued for each share.

5.4.2. Certificates for shares shall be of such form and device as the Board may designate and shall state the name of the owner(s) of the share represented thereby; its number; date of issuance; the number of votes that the holder(s) thereof is entitled to; a statement that it is appurtenant to the lands described therein; a statement of the restrictions upon transfer; a statement that the share is assessable and the method of enforcement or collection of said assessments.

5.4.3. Every share certificate shall be signed by the President or a Vice President, and by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer.

5.4.4. A certificate shall become void and of no legal effect when there is a change in the record ownership of the property described in the certificate.

Section 5.5. Transfer on the Books. Whenever there is a change in the record ownership of real property to which a share is appurtenant, whether voluntarily or involuntarily, by operation of law or otherwise, the Secretary of the Mutual shall, upon being presented with a recorded deed or similar proof of record title, issue to the transferee named in said instrument a new share certificate appurtenant to the land. The Secretary of the Mutual shall enter the name of the transferee in the shareholder records of the Mutual and shall cancel upon the books of the Mutual the former share. The conveyance of a security interest in the land is not a change in record ownership for purposes of this Section.

Section 5.6. Lost or Destroyed Certificates. Any person claiming a share certificate is lost or destroyed shall make an affidavit or affirmation of that fact and advertise the same in such manner as the Board may require, and shall, if the Board so requires, give the Mutual a bond of indemnity, in form and with one or more sureties satisfactory to the Board, in at least double the then value of the share as determined by the Board, whereupon a new share certificate may be issued carrying the same rights as the one alleged to be lost or destroyed.

Section 5.7. Sale. Shares in the Mutual cannot be sold, alienated, or encumbered in any manner whatsoever separate and apart from the real property described in the share certificates. Sale of the real property described in a share certificate will automatically transfer the share for the property to the new owner, subject to the (1) issuance of a new share certificate to the new owner by the Mutual's Secretary, and (2) payment of any unpaid water bills and assessments.

Section 5.8. Voting Rights. Shareholders shall have the right to vote, as set forth in these Bylaws, on the election of directors, on the disposition of all or substantially all of the assets of the corporation, on any merger and its principal terms, on any election to dissolve the Mutual, and on any other matter lawfully before the shareholders for vote. Each shareholder in good standing shall have one vote. When there is more than one person or entity named in a share certificate as a holder, all voting rights to which the holders are entitled may be exercised by any one of the holders, and if more than one holder vote, the act of the majority so voting binds all. There shall be no cumulative voting. Voting shall in all cases be subject to the provisions of chapter 7 of the California Corporation Law. The record date for determining shareholders for voting purposes shall be the tenth day before the day on which the meeting is held or the written ballot is mailed, unless the Board fixes some other date which shall not be more than sixty (60) days before the meeting or mailing of the written ballot.

Section 5.9. Good Standing. A share for which the required dues, fees, and assessments have been paid and the other requirements for being a shareholder have been satisfied in accordance with these Bylaws and which has not been terminated or for which the shareholder rights have not been wholly or partially suspended shall be in good standing.

Section 5.10. Termination and Suspension of a Shareholder.

5.10.1. Termination. A share may be terminated as follows:

5.10.1.1. By voluntary resignation, and relinquishment of the right to receive water for any property to which a share has been made appurtenant. Such resignation shall become effective on the 30th day following the receipt by the Mutual's secretary of written notice signed by all persons having legal interest in the property, with the signatures of the persons duly acknowledged by a notary public, and a current title report showing that all necessary persons have signed the resignation. Such voluntary termination of the right to receive water shall not relieve the person relinquishing such right from any obligation arising from contract as to the property affected, or for charges incurred, services or benefits actually rendered, dues, assessments or fees, and shall not entitle a resigning shareholder to reconveyance of the water rights for land to which a share in the Mutual has been appurtenant. The Board shall determine whether it would be fair, just and equitable and in exercise of good business judgment to relieve the person who owns such property from obligations which would otherwise accrue after the effective date of the written notice, and whether any water rights should be reconveyed to the resigning shareholder. The Board shall determine, based upon the value of assets on the effective date of the resignation, the distribution to be made on account of the resigned shareholder in the event the Mutual dissolves.

5.10.1.2. By the Board, pursuant to Civil Code section 331 and according to the procedure established by Section 5.10.3, for failure of a shareholder to pay fees, charges, or other assessments duly established by the Board, within 60 days after payment is due and within 30 days after the shareholder is given notice that the shareholder is delinquent in a payment, or for failure of a shareholder to satisfy any share requirement within 30 days after the shareholder is given notice that the share requirement has not been satisfied. The Board shall determine, based upon the value of assets on the effective date of the resignation, the distribution to be made on account of the terminated share in the event the Mutual dissolves.

5.10.1.3. Automatically, upon occurrence of any event that renders a shareholder ineligible to hold a share.

5.10.2. Suspension. Shareholder rights, including the right to receive water, may be suspended in whole or in part upon the good faith determination by the Board that a share obligation duly established in accordance with these Bylaws has not been performed for a share within 30 days after performance is due, or that a shareholder has failed materially to observe the Mutual's rules of conduct, or has engaged in conduct materially and seriously prejudicial to the purposes and interests of the Mutual. The Board shall suspend the voting rights of any share three months in arrears for fees, charges, or other assessments duly established by the Board. If the shareholder is an officer of the Mutual, the shareholder shall be suspended from duty until the shareholder's payments are current. All share rights shall be suspended for any share six months in arrears for fees, charges, or other assessments duly established by the Board. No shareholder rights shall be suspended except by the procedure specified in Section 5.10.3.

5.10.3. Procedure. Upon determination pursuant to this Section 5.10 that shareholder rights should be suspended or terminated, the following procedure shall be implemented:

5.10.3.1. A notice shall be sent by mail by prepaid first-class or registered mail to the most recent address of the shareholder as shown on the Mutual's records, setting forth the intended suspension or termination and the reasons therefor. Such notice shall be sent at least 15 days before the proposed effective date of suspension or termination.

5.10.3.2. The shareholder whose shareholder rights are being suspended or terminated shall be given an opportunity to be heard, either orally or in writing, at a hearing to be held not fewer than 5 days before the effective date of the proposed action. The hearing will be held by the Board of Directors or a person designated by the Board. The notice to the shareholder of the proposed suspension or termination shall state the shareholder rights which are proposed to be suspended or terminated, and the date, time, and place of the hearing on the proposed suspension or termination.

5.10.3.3. Following the hearing, the Board or person designated by the Board shall decide whether or not any shareholder rights should in fact be suspended or terminated. The decision of the Board or person designated by the Board shall be final.

Section 5.11. Reinstatement. Any person seeking to reinstate any shareholder right may do so upon (a) determination by the Board that reinstatement would be lawful, (b) payment to the Mutual of all sums owed to the Mutual on account of the shareholder at the time the shareholder was suspended or terminated, together with reasonable late charges and interest as established by the Board, (c) payment to the Mutual of a pro rata share of expenses and assessments incurred or levied during the time the share was

terminated or suspended, (d) performance of any share obligations the nonperformance of which was the reason the shareholder right was suspended, (e) proof of actions taken to remedy any damage caused to the Mutual or the Mutual's other shareholders by the suspended shareholder's conduct, and (f) approval by at least seventyfive percent (75%) of the voting power of the Mutual. Application for reinstatement of a terminated share will be considered a new share application and treated as prescribed in the section dealing with new shares.

Section 5.12. Subdivision; Additional Shares. Subdivision of a lot or parcel to which a share is appurtenant will not automatically create any additional share. The shareholder must designate the new lot or parcel to which an existing share will be appurtenant. New shares may be granted to owners of new lots or parcels created from property already admitted, upon compliance with all applicable laws and if the Mutual has sufficient water under applicable laws and regulations. The owner of the Lot being subdivided, as a condition precedent to supplying water to any subdivided parcel from the water system, must do the following at no cost to the Mutual:

5.12.1. pay the costs to obtain necessary governmental approvals for any addition to the water system and to operate the water system with the addition;

5.12.2. make additions to the water system to serve the new parcel required by any governmental agency having jurisdiction. After additions to the water system are installed, tested, and accepted by the Mutual, they shall become assets of Mutual and will be maintained by Mutual;

5.12.3. pay to the Mutual a reasonable connection fee as determined by the Board.

Section 5.13. Distributions to Shareholders. No gains, profits, or dividends shall be distributed to the shareholders of the Mutual except upon the dissolution of the Mutual. Upon dissolution, after complying with applicable provisions of the California Corporations Code and after appropriate distributions on account of each share, one equal share of the Mutual's remaining assets shall be distributed for each share issued and outstanding on the books of the corporation on the date the shareholders approved dissolution pursuant to section 1903 of the California Corporations Code.

ARTICLE 6. ASSESSMENTS

Section 6.1. General. The Mutual shall provide water services to its shareholders at actual cost plus necessary expenses.

Section 6.2. Structure.

6.2.1. The Board may levy and collect from the shareholders of the Mutual such fees, charges, and other assessments as the Board may from time to time determine to be necessary or desirable in connection with developing, producing, distributing, or delivering water for domestic use and for irrigation to its shareholders at actual cost plus necessary expenses. The Board may establish a payment rate schedule for the sale of water and standby charges, to include penalty fees for late payments, and may also establish charges for water provided to others on an emergency basis. The amount of the levy and method of collection of assessments shall be fixed and determined by the Board from time to time and shall be payable at such times and intervals, and upon such notice, and by such methods of collection, including the impressing of a lien upon the delinquent share appurtenant to the lands described in the certificate share of any shareholder, as the Board may prescribe. Assessments may be enforced as provided in these Bylaws and in Civil Code section 331.

6.2.2. The Mutual shall establish and maintain a structure of rates, charges and other assessments which will result in the accumulation and maintenance of a fund for the replacement of its facilities and bear a reasonable relationship to the cost of providing its services. Property not receiving or using water shall bear an appropriate share of the costs of maintaining the water system. If the Mutual purchases water for distribution from a public utility, municipal water company or water district, the assessment structure shall provide for charging shareholders a pro rata amount of the cost of water supplied to an entity providing fire protection service.

Section 6.3. Annual Budget. Not later than the last month of each fiscal year, the Board of Directors shall prepare and adopt a budget for the forthcoming fiscal year, setting forth the anticipated costs of operating and maintaining its facilities, including the accumulation of the replacement reserve. The structure assessments, rates and charges for the forthcoming year shall then be adopted, which shall provide for sufficient income to meet the expenses shown in the budget.

Section 6.4. Collection Action. The Mutual may take legal action to collect accounts more than 30 days past due. All costs of collection, including actual legal fees and costs, may be recovered by the Mutual from the shareholder in arrears.

Section 6.5. Contracts with Subdividers. The Mutual may enter into one or more written contracts with any subdivider of land within the Mutual's service area, whereby the subdivider agrees with the Mutual to pay monthly a proportional part of the repair and replacement fund, as provided in the Corporate Securities Rules of the California Corporations Commissioner, 10 California Code of Regulations, sections 260.140.71 and following. The contract may also contain such other provisions as are permitted by the Corporate Securities Rules.

**ARTICLE 7.
DISTRIBUTION OF WATER
USE AND MAINTENANCE**

Section 7.1. Entitlement for Shares. Each share shall be entitled equally to water from the Mutual in such quantities and at such pressures as may from time to time be available and pursuant to such rules and regulations as may from time to time be promulgated by the Board.

Section 7.2. Water Use.

7.2.1. Water from the water system may be used for domestic purposes, which shall include household use, residential landscaping and gardening purposes, swimming pools, and for livestock, pasture and crop irrigation. Domestic use shall include one single family residence, and accessory structures which may include one barn, a garage, and one guest house or senior citizen unit. If there is not sufficient water for all desired uses, domestic uses shall have priority over livestock uses, livestock uses shall have priority over crop uses, and crop uses shall have priority over pasture uses. The Board may adopt rules and regulations limiting water use for each share to a specified number of gallons per month or other time period.

7.2.2. Any single officer or a majority of the Board may declare that a water shortage exists and that immediately upon notification to the shareholders, whether oral or written, water from the water system shall not be used for one or more uses in the priorities set forth above, except domestic use. Water shall thereafter be used in accordance with the notice. Notice of the lifting of such restriction shall be given to the shareholders, orally or in writing, within five days after the restriction is lifted by the Board.

Section 7.3. Measurement of Water. All water use shall be measured. The Board may prescribe the manner in which such use shall be measured, and may install or cause to be installed suitable appliances and measuring devices. The expense of installation of any such appliances or measuring devices shall be borne by the shareholders as determined by the Board.

Section 7.4. Connection with Water System. All expenses of making connection with the main water system of the Mutual and of conducting the water in pipes on to the place of use, and the upkeep of such pipes shall be borne by the shareholder desiring such connection. Each service connection shall be located within a pipeline or utility easement, not more than five feet inside the property line of the parcel being served. There shall be a separate service connection (meter) for each parcel. The owner of each parcel shall maintain a separate service lateral from the service connection to the dwelling(s) owned by that owner.

Section 7.5. Hazardous Substances. No shareholder shall maintain or use any toxic or hazardous materials or substances on any parcel in a place or in a manner which may cause contamination of the water system. Violation of this section shall be a nuisance, and in addition to the other remedies provided by law shall obligate the violator to pay all costs of investigating and remedying any contamination, all costs of responding to any investigations undertaken by third parties pursuant to law, and all costs and damages incurred by the Mutual because of the violation.

**ARTICLE 8.
MEETINGS OF SHAREHOLDERS**

Section 8.1. Regular Meetings. The annual meeting of the shareholders shall be held on December 1 of each fiscal year for the purpose of electing directors and for the transaction of such business as may come before the meeting.

Section 8.2. Special Meetings.

8.2.1. Special meetings of the shareholder may be called by the President or by any two directors or by shareholders holding not less than ten percent (10%) of the voting power of the Mutual.

8.2.2. Upon request in writing to the Chairman of the Board, president, vice president, or secretary by any person (other than the Board) entitled to call a special meeting of shareholders, the officer forthwith shall cause notice to be given to the shareholders entitled to vote, stating that a meeting will be held at a specified time and date fixed by the Board, provided, however, that the meeting date shall be at least 35 but no more than 60 days after receipt of the request. If the notice is not given within 20 days after receipt of the request, the person requesting the meeting may give the notice. Nothing in this Section shall be construed as limiting, fixing, or affecting the time at which a meeting of shareholders may be held when the meeting is called by the Board.

Section 8.3. Notice of Meetings. Written notice of meetings shall be delivered personally or mailed to all of the shareholders of the Mutual at their last known address by first class mail, postage, prepaid, at least 10 days and not more than 60 days prior to the day set for such meeting, and such notice shall state the time, place and purpose of the meeting. No business shall be transacted at a special meeting of the Mutual except such as is stated in the notice. 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 shareholders. The record date for determining shareholders entitled to notice of any meeting shall be at the close of business on the business day before the day the notice is given or, if notice is waived, at the close of business on the business day before the day on which the

meeting is held, unless the Directors choose some other date in accordance with law.

Section 8.4. Notice of Certain Agenda Items. Approval by the shareholders of any of the following proposals, other than by unanimous approval by those entitled to vote, is valid only if the notice or written waiver of notice states the general nature of the proposal(s):

8.4.1. Removing a director without cause;

8.4.2. Filling vacancies on the Board;

8.4.3. Amending the articles of incorporation;

8.4.4. Approving a contract or transaction between the corporation and one or more directors, or between the corporation and any entity in which a director has a material financial interest;

8.4.5. Electing to wind up and dissolve the corporation.

Section 8.5. Quorum. A quorum at any meeting of shareholders shall consist of a majority of the voting power of the Mutual, present in person or represented by proxy, for any action except as otherwise provided by law, the Articles of Incorporation, or these Bylaws. The shareholders present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the shareholders required to constitute a quorum.

Section 8.6. Adjourned Meetings and Notice. Any shareholders' meeting, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the votes represented either in person or by proxy, but in the absence of a quorum (except as provided in the preceding section) no other business may be transacted at such meeting. It shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted, other than by announcement at the meeting at which such adjournment is taken; provided, however, when any shareholders' meeting is adjourned for more than forty-five (45) days or, if after adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given as in the case of the meeting as originally called, whether annual or special.

Section 8.7. Proxies. Each person entitled to vote shall have the right to do so either in person or by one or more agents authorized by a written proxy, signed by the person and filed with the secretary of the Mutual. A proxy shall be deemed signed if the shareholder's name is placed on the proxy (whether by manual

signature, typewriting, electronic transmission, or otherwise) by the shareholder or the shareholder's attorney-in-fact.

8.7.1. Any proxy solicited by the Board shall satisfy the requirements for solicitation of a written ballot as provided in Article 8, Section 8.9.

8.7.2. No proxy shall be valid with respect to a vote on the following proposals to be approved by the shareholders unless the general nature of the matter to be voted on was set forth in the proxy:

8.7.2.1. removing a Director without cause;

8.7.2.2. filling vacancies on the Board;

8.7.2.3. amending the Articles;

8.7.2.4. the sale, lease, conveyance, exchange, transfer, or other disposal of all or substantially all of the Mutual's assets, or the approval of the principal terms of a merger or the amendment to the principal terms of a merger;

8.7.2.5. approving a contract or transaction between Mutual and one (1) or more Directors, or between Mutual and any entity in which Director has a material financial interest;

8.7.2.6. electing to wind up and dissolve the Association; or

8.7.2.7. approving a plan of distribution of assets, other than money, not in accordance with the liquidation rights of any class of shareholders (applicable only if Corporation is in the process of winding up and there is more than one class of shares outstanding at the time).

8.7.3. A validly executed proxy that does not state that it is irrevocable shall continue in full force and effect until (a) revoked by the shareholder executing it before the vote is cast under that proxy, (i) by a writing delivered to the Mutual stating that the proxy is revoked, (ii) by a subsequent proxy executed by that shareholder and presented to the meeting, or (iii) as to any meeting, by the shareholder's personal attendance and voting at the meeting, or (b) written notice of the death or incapacity of the maker of the proxy is received by the Mutual before the vote under the proxy is counted; provided, however, that no proxy shall be valid after the expiration of 11 months from the date of the proxy, unless otherwise provided in the proxy, except that the maximum term of a proxy shall be three years from the date of execution. The revocability of a proxy that states on its face that it is irrevocable shall be governed by California Corporations Code section 705.

Section 8.8. Consent of Absentees. The transactions of any meeting of shareholders, however called and noticed, and wherever held, are as valid as though had at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote, not present in person or by proxy signs a written waiver of notice or a consent to the holding of the meeting or an approval of the minutes thereof. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Attendance of a person at a meeting shall constitute a waiver of notice of and presence at such meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required by the California Corporations Law to be included in the notice but not so included, if such objection is expressly made at the meeting. Neither the business to be transacted at nor the purpose of any regular or special meeting of shareholders need be specified in any written waiver of notice, consent to the holding of the meeting, or approval of the minutes except as provided in Section 8.4.

Section 8.9. Action Without Meeting. Any action which may be taken at any meeting of shareholders may be taken without a meeting and without prior notice if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Provided, however, that (1) unless the consents of all shareholders entitled to vote have been solicited in writing, notice of any shareholder approval without a meeting by less than unanimous written consent shall be given as provided by section 601(b) of the California Corporations Code, and (2) directors may not be elected by written consent except by unanimous written consent of all shares entitled to vote for the election of directors.

Any written consent may be revoked by a writing received by the Secretary of the Corporation prior to the time that written consents of the number of shares required to authorize the proposed action have been filed with the Secretary.

8.9.1. Solicitation of Written Ballots. The corporation shall distribute one written ballot to each shareholder entitled to vote; such ballots shall be mailed or delivered in the manner required by these bylaws for giving notice of special meetings. All solicitations of votes by ballot shall: (1) indicate the number of responses needed to meet the quorum requirements; (2) state the percentage of approvals necessary to pass the measure(s); (3) specify the time by which the ballot must be received in order to be counted. Each ballot so distributed shall: (1) set forth the proposed action; and (2) provide the shareholders an opportunity to

specify approval or disapproval of each proposal, if more than one proposal is set forth. Any proposed action which is set forth on a written ballot shall be announced to shareholders in a writing circulated to shareholders personally or by mail not less than 30 days before written ballots are circulated to shareholders personally or by mail not less than 30 days before written ballots are distributed, to provide a reasonable time for shareholders to comment on the proposed action. Dissenting views received by the corporation not later than the day before ballots are distributed will be circulated at the corporation's expense by being distributed with the ballots.

8.9.2. Quorum; Majority. Approval by written ballot pursuant to this section shall be valid only when the number of votes cast by ballot (including those ballots that are marked "withhold" or otherwise indicate that authority to vote is withheld) within the time specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

8.9.3. Revocation. A written ballot may not be revoked.

8.9.4. Filing. All such written ballots shall be filed with the secretary of the corporation and maintained in the corporate records for at least three years.

8.9.5. Effect of Non-compliance. Failure to comply with this section shall not invalidate any corporate action taken, but may be the basis for challenging any written ballot, and any shareholders may petition the Superior Court of California to compel compliance with California Law.

8.9.6. Election of Directors. Directors may be elected by written ballot.

8.10. Record Dates. In the event the Board of Directors fixes a day for the determination of shareholders of record entitled to vote as provided in Section 7.1 of Article 7 of these Bylaws, then, subject to the provisions of the General Corporation Law of the State of California, only persons in whose name shares entitled to vote stand on the stock records of the Corporation shall be entitled to vote.

If no record date is fixed:

The record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the business day next preceding the day notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held;

The record date for determining shareholders entitled to give consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is given; and

The record date for determining shareholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto, or the sixtieth (60th) day prior to the date of such other action, whichever is later.

A determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders shall apply to any adjournment of the meeting unless the Board of Directors fixes a new record date for the adjourned meeting, but the Board of Directors shall fix a new record date if the meeting is adjourned for more than forty-five (45) days.

ARTICLE 9. DIRECTORS

Section 9.1. Powers. Subject to limitations of the Articles, of these Bylaws, and of the California Corporations Law relating to action required to be approved by the shareholders or by a majority of shareholders, the activities and affairs of the Mutual shall be conducted and all corporate powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the activities of the Mutual to any person(s), a management company, or committee(s) however composed, provided that the activities and affairs of the Mutual shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

Section 9.2. Number. The authorized number of directors of the Mutual shall be three (3) until changed by amendment to these bylaws adopted by the vote or written consent of the shareholders entitled to exercise the majority of the voting power of the Mutual.

Section 9.3. Term of Office. Directors shall hold office for a term of two years. Directors shall be elected at the annual meeting of shareholders of Mutual and shall hold office until their successors have been elected and have accepted office. If the annual meeting is not held or if the Directors are not elected at the annual meeting, they may be elected at a special meeting of shareholders held for that purpose.

Section 9.4. Removal. Any director may be removed from the Board, with or without cause, by the affirmative vote of a majority of the voting power of the Mutual.

Section 9.5. Compensation. No director shall receive compensation for any service he may render to Mutual. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 9.6. Rights of Inspection. Every director shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents of every kind and to inspect the physical properties of the Mutual.

Section 9.7. Qualifications. Directors shall be residents of the State of California. With the exception of the initial directors, the directors shall also be shareholders of the Mutual.

ARTICLE 10. NOMINATION AND ELECTION OF DIRECTORS

Section 10.1. Nomination. Any person qualified to be a Director under Section 9.7 of these Bylaws may be nominated by the method of nomination authorized by the Board. If there is a meeting of shareholders to elect directors, any shareholder present at the meeting in person or by proxy may place names in nomination.

Section 10.2. Election. Election of the Board of Directors need not be by ballot; provided, however, that all elections for Directors must be by ballot upon demand made by a shareholder at the meeting and before the voting begins. At such election the shareholders may cast, for each vacancy, as many votes as they hold shares in Mutual. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 10.3. Vacancies.

10.3.1. Any director may resign effective upon giving written notice to the Chairman of the Board, the President, the Secretary, or the Board, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected before such time to take office when the resignation becomes effective.

10.3.2. Vacancies in the Board may be filled by a majority of the remaining directors, although less than a quorum, or by a sole remaining director, and each director so elected shall hold office until the expiration of the term of the replaced director and until such replacement director's successor has been elected and qualified.

10.3.3. A vacancy in the Board shall be deemed to exist in case of the death, resignation or removal of any director, or if the authorized number of directors be increased, or if the shareholders fail, at any regular or special meeting of shareholders at which any director(s) are elected, to elect the

full authorized number of directors to be voted for at that meeting.

10.3.4. The Board may declare vacant the office of a director who has been declared of unsound mind by a final order of court, convicted of a felony, or been found by a final order or judgment of any court to have breached any duty arising under California Corporations Law section 302 or has failed to attend three (3) consecutive meetings of the Board.

10.3.5. The shareholders may elect a director at any time to fill any vacancy not filled by the directors.

10.3.6. No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of the director's term of office.

ARTICLE 11. MEETINGS OF DIRECTORS

Section 11.1. Regular Meetings. Immediately after the meeting held for the annual election of directors, the newly elected directors shall meet for the purpose of electing officers and for the transaction of any other business which may be brought before the meeting. No notice of the meeting need be given. Other regular meetings of the Board of Directors shall be held quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 11.2. Special Meetings. Special meetings of the Board of Directors may be called at any time by the Chairman of the Board, or the President or any Vice President, or the Secretary or any one (1) director. Written notice of the time and place of all special meetings of the Board of Directors shall be delivered personally or by telephone or telegraph to each director at least forty-eight (48) hours before the meeting, or sent to each director by first-class mail, postage prepaid, at least four (4) days before the meeting. Such notice need not specify the purpose of the meeting. Notice of any meeting of the Board of Directors need not be given to any director who signs a waiver of notice, whether before or after the meeting, or who attends the meeting without protesting prior thereto or at its commencement, the lack of notice to such director.

Section 11.3. Quorum. Two (2) directors shall constitute a quorum for the transaction of business. Action by the Board of Directors shall require a majority of affirmative votes. Every act or decision done or made by an affirmative vote of the majority of the directors present at a duly held meeting at which a quorum is

present shall be regarded as the act of the Board, except as otherwise provided by law, the Articles, or these Bylaws.

Section 11.4. Participation in Meetings by Conference Telephone. Members of the Board may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another.

Section 11.5. Waiver of Notice. Notice of a meeting need not be given to any director who signs a waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such director. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meetings.

Section 11.6. Adjournment. A majority of the directors present, whether or not a quorum is present, may adjourn any directors' meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place be fixed at the meeting adjourned, except as provided in the next sentence. If the meeting is adjourned for more than 24 hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

Section 11.7. Action Without Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board shall individually or collectively consent in writing to such action (except that the consent of an "interested director" as defined in section 310 of the California Corporation Law is not required). Such consent(s) shall have the same effect as a unanimous vote of the Board and shall be filed with the minutes of the proceedings of the Board.

ARTICLE 12. OFFICERS AND THEIR DUTIES

Section 12.1. Enumeration of Offices. The officers of the Mutual shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary and a treasurer, who need not be from the Board, and such other officers as the Board may create from time to time.

Section 12.2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the shareholders.

Section 12.3. Term. The officers shall be elected annually by the Board and each shall hold office for one year (unless the officer resigns, is removed, or is otherwise disqualified to serve), or until a successor officer is elected and qualified.

Section 12.4. Special Appointments. The Board may elect such other officers as the affairs of the Mutual may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 12.5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 12.6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officers appointed to such vacancy shall serve for the remainder of the term of the office he replaces.

Section 12.7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 12.4.

Section 12.8. Duties. The duties of the officers are as follows:

President: The President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. He shall preside at all meetings of the shareholders and at all meetings of the Board of Directors. He shall be ex officio a member of all the standing committees, including the Executive Committee, if any, and shall have the general powers and duties of management usually vested in the office of President of a corporation, and shall have such other powers and duties as may be prescribed by the Board or the Bylaws.

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

Secretary: The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the shareholders; keep the corporate seal of the Mutual and affix it on all papers requiring the seal; serve notice of meetings of the

Board and of the shareholders; keep appropriate current records showing the shareholders of the Mutual, together with their addresses, and shall perform such other duties as prescribed by the Board or the Bylaws.

Treasurer: The treasurer is the Mutual's chief financial officer. He shall receive and deposit in appropriate bank accounts all monies of the Mutual and shall disburse such funds as directed by resolution of the Board; shall sign all checks and promissory notes of the Mutual; keep proper books of account; shall cause an annual operating statement reflecting income and expenditures of the Mutual to be prepared to each fiscal year, a copy of which shall be distributed to each shareholder within 105 days after the end of the Mutual's fiscal year; and shall have such other duties as prescribed by the Board or the Bylaws.

ARTICLE 13. EXECUTIVE AND OTHER COMMITTEES

The Board may appoint an Executive Committee, and such other committees as may be necessary from time to time, consisting of such number of its members and with such powers as it may designate, consistent with the Articles of Incorporation and Bylaws and the California Corporation Law. Such committee shall hold office at the pleasure of the Board.

ARTICLE 14. INDEMNIFICATION AND INSURANCE

Section 14.1. Indemnification. Each person who was or is a party or is threatened to be made a party to or is involved (as a party, witness, or otherwise), in any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (hereafter a "Proceeding"), by reason of the fact that he, or a person of whom he is the legal representative, is or was a director, officer, employee, or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, or was a director, officer, employee, or agent of a foreign or domestic corporation that was a predecessor corporation of the corporation or of another enterprise at the request of such predecessor corporation, including service with respect to employee benefit plans, whether the basis of the Proceeding is alleged action in an official capacity as a director, officer, employee, or agent or in any other capacity while serving as a director, officer, employee, or agent (hereafter an "Agent"), shall be indemnified and held harmless by the corporation to the fullest extent authorized by statutory and decisional law, as the same exists or may hereafter be interpreted or amended (but, in the case of any such amendment or interpretation, only to the extent

that such amendment or interpretation permits the corporation to provide broader indemnification rights that were permitted prior thereto) against all expenses, liability, and loss (including attorneys' fees, judgments, fines, ERISA excise taxes and penalties, amounts paid or to be paid in settlement, any interest, assessments, or other charges imposed thereon, and any federal, state, local, or foreign taxes imposed on any Agent as a result of the actual or deemed receipt of any payments under this Article) reasonably incurred or suffered by such person in connection with investigating, defending, being a witness in, or participating in (including on appeal), or preparing for any of the foregoing in, any Proceeding (hereafter "Expenses"); provided, however, that except as to actions to enforce indemnification rights pursuant to Section 3 below, the corporation shall indemnify any Agent seeking indemnification in connection with a Proceeding (or part thereof) initiated by such person only if the Proceeding (or part thereof) was authorized by the Board of Directors of the corporation. The right to indemnification conferred in this Article shall be a contract right. It is the corporation's intention that these bylaws provide indemnification in excess of that expressly permitted by section 317 of the California General Corporation Law, as authorized by the corporation's Articles of Incorporation, and to the fullest extent permitted by section 204 of the California General Corporation Law.

Section 14.2. Authority to Advance Expenses. Expenses incurred by an officer or director (acting in his capacity as such) in defending a Proceeding shall be paid by the corporation in advance of the final disposition of such Proceeding, provided, however, that if required by the California General Corporation Law, as amended, such Expenses shall be advanced only upon delivery to the corporation of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized in this Article or otherwise. Expenses incurred by other Agents of the corporation (or by the directors or officers not acting in their capacity as such, including service with respect to employee benefit plans) may be advanced upon the receipt of a similar undertaking, if required by law, and upon such other terms and conditions as the Board of Directors deems appropriate. Any obligation to reimburse the corporation for Expense advances shall be unsecured and no interest shall be charged thereon.

Section 14.3. Right of Claimant to Bring Suit. If a claim under Sections 1 or 2 hereunder is not paid in full by the corporation within thirty (30) days after a written claim has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense (including attorneys' fees) of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim

for expenses incurred in defending a Proceeding in advance of its final disposition where the required undertaking has been tendered to the corporation) that the claimant has not met the standards of conduct that make it permissible under the California General Corporation Law for the corporation to indemnify the claimant for the amount claimed. The burden of proving such a defense shall be on the corporation. Neither the failure of the corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper under the circumstances because he has met the applicable standard of conduct set forth in the California General Corporation Law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant had not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct.

Section 14.4. Provisions Nonexclusive. The rights conferred on any person by this Article shall not be exclusive of any other rights that such person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, agreement, vote of stockholder or disinterested directors, or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office. To the extent that any provision of the Articles, agreement, or vote of the stockholders or disinterested directors is inconsistent with these bylaws, the provision, agreement, or vote shall take precedence.

Section 14.5. Authority to Insure. The corporation may purchase and maintain insurance to protect itself and any Agent against any Expense asserted against or incurred by such person, whether or not the corporation would have the power to indemnify the Agent against such Expense under applicable law or the provisions of this Article, provided that, in cases where the corporation owns all or a portion of the shares of the company issuing the insurance policy, the company and/or the policy must meet one of the two sets of conditions set forth in section 317 of the California General Corporation Law, as amended.

Section 14.6. Survival of Rights. The rights provided by this Article shall continue as to a person who has ceased to be an Agent and shall inure to the benefit of the heirs, executors, and administrators of such person.

Section 14.7. Settlement of Claims. The corporation shall not be liable to indemnify any Agent under this Article for (a) any amounts paid in settlement of any action or claim effected without the corporation's written consent, which consent shall not be unreasonably withheld; or (b) for any judicial award, if the corporation was not given a reasonable and timely opportunity, at its expense, to participate in the defense of such action.

Section 14.8. Effect of Amendment. Any amendment, repeal, or modification of this Article shall not adversely affect any right or protection of any Agent existing at the time of such amendment, repeal, or modification.

Section 14.9. Subrogation. In the event of payment under this Article, the corporation shall be subrogated to the extent of such payment to all of the rights of recovery of the Agent, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the corporation effectively to bring suit to enforce such rights.

Section 14.10. No Duplication of Payments. The corporation shall not be liable under this Article to make any payment in connection with any claim made against the Agent to the extent the Agent has otherwise actually received payment (under any insurance policy, agreement, vote, or otherwise) of the amounts otherwise indemnifiable hereunder.

ARTICLE 15. LIMITATION OF SALARIES

Salaries paid to the persons operating, or employed by, the Mutual, including officers and directors, shall not exceed salaries paid by other similar entities for similar services in Monterey County, for services actually rendered to the Mutual which relate to the purposes of the Mutual.

ARTICLE 16. CORPORATE RECORDS, PAPERS, AND REPORTS

Section 16.1. Books and Records. The books, records and papers of the Mutual shall be at all times, during reasonable business hours, available for inspection by any shareholder, in accordance with the California Corporation Law, for a purpose reasonably related to such person's interests as a shareholder. The Articles of Incorporation and the Bylaws of the Mutual shall be available for inspection by any shareholder at the principal office of the Mutual, where copies may be purchased at reasonable cost.

Section 16.2. Checks, Drafts, Etc. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Mutual, shall be signed or endorsed by such person or persons and in such manner as shall be determined from time to time by resolution of the Board.

Section 16.3. Contracts, Etc.--How Executed. The Board, except as otherwise provided in these Bylaws, may authorize any officer(s), agent(s), to enter into any contract or execute any

instrument in the name of and on behalf of the Mutual. Such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Mutual by any contract or engagement, or to pledge its credit, or to render it liable for any purpose or to any amount.

Section 16.4. Annual Report to Shareholders.

16.4.1. An annual report shall be prepared within 105 days after the end of the Mutual's fiscal year. Such report shall contain the following information in reasonable detail:

16.4.1.1. The assets and liabilities, including the trust funds, of the Mutual as of the end of the fiscal year.

16.4.1.2. The principal changes in assets and liabilities, including trust funds, during the fiscal year.

16.4.1.3. The revenue or receipts of the Mutual, both unrestricted and restricted to particular purposes, for the fiscal year.

16.4.1.4. The expenses or disbursements of the Mutual, for both general and restricted purposes, during the fiscal year.

16.4.1.5. Any information required by Section 16.5.

16.4.2. The report required by this Section shall be accompanied by any report thereon of independent accountants, or, if there is not such report, by the certificate of an authorized officer of the Mutual that such statements were prepared without audit from the books and records of the Mutual.

16.4.3. No later than 105 days after the close of the corporation's fiscal year, the Board shall cause the shareholders to be notified of each shareholder's right to receive a financial report upon written request. Upon written request an annual report shall be sent to each requesting shareholder.

Section 16.5. Annual Statement of Certain Transactions and Indemnifications. No later than the time the corporation gives its annual report, the corporation shall prepare and mail or deliver to each shareholder a statement of the amount and circumstances of any transaction or indemnification of the following kind:

16.5.1. Unless approved by the shareholders under California Corporations Code section 310, any transaction (excluding compensation of officers and directors) (i) to which the Mutual, its parent, or its subsidiary was a party, and (ii) in which either of the following interested persons had a direct or

indirect material financial interest (a mere common directorship is not a material financial interest):

16.5.1.1. Any director or officer of the Mutual;

16.5.1.2. Any holder of more than 10 percent of the voting power of the Mutual.

The statement shall include a brief description of the transaction, the names of interested persons involved, their relationship to the Mutual, the nature of their interest in the transaction, and, when practicable, the amount of that interest, provided that, in the case of a partnership in which such person is a partner, only the interest of the partnership need be stated.

ARTICLE 17. CORPORATE SEAL

The corporate seal shall be circular in form, and shall have inscribed thereon the name of the Mutual, the date of its incorporation, and the word "California."

ARTICLE 18. AMENDMENTS TO BYLAWS

Section 18.1. By Shareholders New Bylaws may be adopted or these Bylaws may be repealed or amended by the shareholders at an annual meeting, or at any other meeting of the shareholders called for that purpose, by a vote of shareholders entitled to exercise two-thirds (2/3) of the voting power of the Corporation, or by the written assent of such shareholders. Any proposed amendment shall be mailed to each shareholder with the notice of the meeting, and shall be read at a meeting of the Board of Directors prior to the shareholder meeting at which the amendment is voted upon.

Section 18.2. Powers of Directors. Subject to the right of the shareholders to adopt, amend or repeal Bylaws, as provided in the Articles of Incorporation or these Bylaws, the Board of Directors may adopt, amend or repeal any of these Bylaws other than a Bylaw or amendment changing the authorized number of Directors, increasing the terms of directors, providing that the Board may fill vacancies occurring in the Board by reason of the removal of directors, increasing the quorum for meetings of shareholders, restricting, creating, or expanding proxy rights, or authorizing cumulative voting.

Section 18.3. Record of Amendments. Whenever an amendment or new Bylaw is adopted, it shall be copied in the Book of Bylaws with the original Bylaws, in the appropriate place. If any Bylaw is repealed, the fact of repeal with the date of the meeting at which

the repeal was enacted or written assent was filed shall be stated in the Book of Bylaws.

**ARTICLE 19.
JURISDICTION**

The courts of Monterey County, California, shall have jurisdiction of all actions and disputes arising under these Bylaws.

**ARTICLE 20.
SHARES AFFECTED BY ENCUMBRANCES**

No share shall be affected by an encumbrance such as a mortgage or deed of trust. The mortgagor or trustor shall be deemed to be an owner.

**ARTICLE 21.
FISCAL YEAR**

The Mutual's fiscal year shall end on December 31 of each year.

**ARTICLE 22.
PARLIAMENTARY PROCEDURE**

All questions of parliamentary procedure shall be decided in accordance with Robert's Rules of Order.

SECRETARY'S CERTIFICATE
OF
VICTORINE RANCH
MUTUAL WATER COMPANY
A California Nonprofit Mutual Benefit Corporation

I hereby certify that I am the duly elected and acting Secretary of said Mutual and that the foregoing Bylaws, comprising 27 pages, constitute the Bylaws of said Mutual as duly adopted at a meeting of the initial Board of Directors thereof held on May 20, 1993.

Dated: 20 MAY, 1993

[Signature]
Secretary

STATE OF CALIFORNIA
COUNTY OF MONTEREY

On 5/20, 1993, before me, the undersigned,
R. Alan Williams, Notary Public, personally appeared

R. Alan Williams,
personally known to me (~~or proved to me on the basis of satisfactory evidence~~), to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



[Signature]

EXHIBIT A

June 30, 1993

Certain real property situate in the Rancho San Jose y Sur Chiquito, in the County of Monterey, State of California, bounded and described as follows:

Beginning at the most southerly corner of the parcel of land described in deed from Cecile V. Nation, Trustee, to the State of California, dated February 5, 1987 and recorded April 21, 1987 in Reel 2087 of Official Records of said County at Page 744, on the northeasterly line of California State Highway No. 1, as shown on "Plan and Profile of State Highway, V-Mon-56-H, Sheets 16, 17 and 18 of 23, dated June 29, 1931", said highway line here being a circular curve, concave northeast, of radius 1960 feet (a radial line of said curve through said point of beginning has a bearing of S. 41° 16' 26" W); thence, following the boundary of said parcel, and boundary of the 36.03 acre parcel of land shown on the Record of Survey Map filed for record on October 24, 1958 in Volume 5 of Surveys at Page 193, Records of said County

(1) Northwesterly along said circular curve of radius 1960 feet, through a central angle of 8° 16' 34", an arc distance of 283.11 feet, to a point of tangency opposite Station 206 plus 03.48, E.C., of the centerline of said highway; thence

(2) N. 40° 27' W. (on said Highway Plan and Profile N. 40° 19' W.), 561.01 feet, to a point of curvature opposite Station 211 plus 64.49, B.C., of the centerline of said highway; thence

(3) Northwesterly along a tangent curve to the right with radius of 1960 feet, through a central angle of 5° 37' 40", an arc distance of 192.52 feet, to the most southerly corner of the parcel of land described in deed from Don E. Sprong et ux to Western Title Guaranty Company, dated June 7, 1962 and recorded June 11, 1962 in Reel 63 of Official Records of said County at Page 132; thence, leaving said highway line and following the boundary of said parcel

(4) N. 48° 48' 40" E., 65.64 feet; thence

(5) N. 30° 43' 30" E., 277.39 feet; thence

(6) S. 79° 38' 15" W., 330.22 feet, to the most westerly corner of said parcel, on said northeasterly highway line, said line being said circular curve of radius 1960 feet, at a point through which a radial line of said curve bears S. 62° 46' 13" W.; thence, again following said northeasterly highway line

(7) Northwesterly and northerly, curving to the right on said curve of radius 1960 feet, through a central angle of $19^{\circ} 08' 47''$, an arc distance of 654.97 feet, to a point of tangency opposite Station 222 plus 94.30=223 plus 41.69, E. C., of said centerline; thence

(8) N. $8^{\circ} 05' W.$, 1753.60 feet, to a point of curvature opposite Station 240 plus 95.16, B.C., of said highway centerline; thence

(9) Northerly along a tangent circular curve to the left with radius of 1040 feet, through a central angle of $15^{\circ} 28'$, an arc distance of 280.74 feet, to a point of tangency opposite Station 243 plus 65.10, E. C., of said highway centerline; thence

(10) N. $23^{\circ} 33' W.$, 255.80 feet, to a point of curvature opposite Station 246 plus 20.90, B. C., of said highway centerline; thence

(11) Northerly along a tangent circular curve to the right with radius of 960 feet, through a central angle of $25^{\circ} 09'$, an arc distance of 421.39 feet, to a point of tangency opposite Station 250 plus 59.85, E. C., of said highway centerline; thence

(12) N. $1^{\circ} 36' E.$, 328.24 feet, to the point of intersection of said highway sideline with the southerly line of the strip of land 30 feet wide described as Exception B in deed from Charles G. Sawyer et ux to Clinton Eastwood, Jr. et ux, dated December 16, 1966 and recorded December 30, 1966 in Reel 488 of Official Records of said County at Page 555; thence, leaving said highway line and following said southerly line of said strip

(13) N. $87^{\circ} 51' E.$, 372.34 feet; thence

(14) N. $20^{\circ} 10' E.$, 4.74 feet, to intersection with the southerly line of the parcel of land described as Exception C in said deed to Eastwood; thence along said line of Exception C

(15) S. $88^{\circ} 12' 44'' E.$, 239.04 feet, to intersection of said line of Exception C with said southerly line of Exception B; thence again along said line of Exception B, parallel with, and 30 feet distant from, the courses of the northerly boundary of the parcel of land described (before exceptions) in said deed to Eastwood

(16) S. $46^{\circ} 07' E.$, 53.75 feet; thence

(17) N. $65^{\circ} 05' E.$, 245.69 feet; thence

(18) N. $60^{\circ} 51' E.$, 74.18 feet; thence

(19) S. $70^{\circ} 18' E.$, 112.62 feet; thence

(20) N. $41^{\circ} 29' E.$, 102.16 feet; thence

(21) N. $5^{\circ} 23' E.$, 69.59 feet; thence

- (22) S. 85° 22' E., 84.48 feet; thence
- (23) N. 88° 48' E., 72.76 feet; thence
- (24) S. 75° 02' E., 126.44 feet; thence
- (25) S. 60° 21' E., 117.70 feet; thence
- (26) S. 32° 33' E., 86.32 feet; thence
- (27) S. 43° 56' E., 101.34 feet; thence
- (28) S. 37° 38' E., 142.59 feet; thence
- (29) N. 47° 02' E., 158.05 feet; thence
- (30) S. 80° 44' E., 135.31 feet; thence
- (31) S. 72° 21' E., 233.17 feet; thence
- (32) S. 84° 25' E., 72.66 feet; thence
- (33) S. 51° 30' E., 138.40 feet; thence
- (34) S. 54° 16' E., 144.98 feet; thence
- (35) S. 48° 51' E., 93.44 feet; thence
- (36) N. 35° 04' E., 181.64 feet; thence
- (37) N. 81° 41' E., 58.78 feet; thence
- (38) S. 78° 10' E., 135.88 feet; thence
- (39) N. 71° 57' E., 45.16 feet; thence
- (40) S. 13° 27' E., 75.69 feet; thence
- (41) S. 33° 32' E., 74.78 feet; thence
- (42) N. 59° 36' E., 127.06 feet; thence
- (43) N. 34° 05' E., 218.25 feet; thence
- (44) N. 16° 48' E., 85.48 feet; thence
- (45) N. 76° 04' E., 13.02 feet; thence
- (46) S. 23° 30' E., 134.30 feet; thence
- (47) S. 49° 14' E., 150.12 feet; thence

- (48) S. 83° 09' E., 115.33 feet; thence
- (49) S. 54° 54' E., 109.15 feet; thence
- (50) N. 82° 30' E., 70.52 feet; thence
- (51) S. 26° 22' E., 97.72 feet; thence
- (52) S. 56° 44' E., 84.53 feet; thence
- (53) N. 88° 23' E., 107.55 feet; thence
- (54) N. 58° 45' E., 96.30 feet; thence
- (55) N. 85° 37' E., 109.61 feet; thence
- (56) N. 66° 57' E., 57.25 feet; thence
- (57) S. 52° 21' E., 84.07 feet; thence
- (58) N. 77° 09' E., 112.54 feet; thence
- (59) S. 42° 54' E., 73.45 feet; thence
- (60) S. 66° 25' E., 178.89 feet; thence
- (61) S. 83° 35' E., 102.24 feet; thence
- (62) N. 89° 42' E., 40.64 feet; thence
- (63) S. 56° 07' E., 153.67 feet; thence
- (64) S. 79° 15' E., 88.29 feet; thence
- (65) S. 65° 50' E., 152.51 feet; thence
- (66) S. 56° 56' E., 87.06 feet; thence
- (67) S. 44° 44' E., 130.72 feet; thence
- (68) S. 63° 40' E., 143.89 feet; thence
- (69) N. 43° 21' E., 135.47 feet; thence
- (70) S. 83° 43' E., 80.47 feet; thence
- (71) S. 57° 33' E., 69.73 feet; thence
- (72) S. 28° 35' E., 103.66 feet; thence
- (73) S. 65° 41' E., 100.83 feet; thence

(74) S. 89° 34' E., 82.76 feet; thence

(75) S. 49° 54' E., 183.96 feet; thence

(76) S. 81° 42' E., 132.74 feet; thence

(77) S. 85° 39' E., 119.37 feet; thence

(78) S. 68° 10' E., 119.69 feet; thence

(79) S. 82° 24' E., 103.42 feet, to intersection of said southerly line of Exception B as described in said deed to Eastwood with the westerly line of Exception A as described therein; thence,

(80) S. 22° 40' 25" W. along said westerly line of Exception A, 65.54 feet, more or less, to the most northerly corner of said parcel of land described in deed to the State of California recorded in Reel 2087 of Official Records at Page 744; thence along the boundary thereof, the following four courses:

(81) S. 79° 52' E., 485.56 feet; thence

(82) S. 47° 48' E., 50.00 feet; thence

(83) S. 42° 12' W., 795.88 feet; thence

(84) S. 61° 04' W., 5492.25 feet, to the point of beginning, containing an area of 424.85 acres, more or less.

Rasmussen Land Surveying, Inc., by Delwyn C. Rasmussen
LS 2689