

**BY-LAWS
OF
RIVIERA-WEST MUTUAL WATER COMPANY**

**Article I
NAME**

The name of this corporation is and shall be "RIVIERA-WEST MUTUAL WATER COMPANY" and for convenience shall be referred to hereinafter as the "Company".

**Article II
OFFICE**

The principal office for the transaction of the business of the Company is hereby fixed and located at the Riviera-West general subdivision, County of Lake, State of California. The Board of Directors is hereby granted full power and authority to change said principal office from one location to another in said county. Any such change shall be noted on the By-laws opposite this section, or this section may be amended to state the new location.

**Article III
OBJECTS AND PURPOSES**

The objects and purposes of the Company shall be to develop, distribute, supply and deliver water for domestic, municipal and irrigation uses or for any one of such uses, to its shareholders at cost, or to the State or any agency or department thereof, or to any school district or to any other mutual water company at cost. The Company shall be authorized to do whatever may be deemed necessary, conducive, incidental or advisable to accomplish and promote said objects and purposes, including but not limited to:

- (a) Constructing, leasing, maintaining and operating water system facilities at Riviera-West;
- (b) Acquiring, owning, leasing or developing water, water rights or water bearing lands;
- (c) Paying all taxes, utilities, charges, assessments and other levies upon property owned or managed by the Company.
- (d) Making and collecting charges and assessments by which to further the foregoing objects and purposes;

And to do any other act or thing in any way connected with the foregoing or related to the objects and purposes of the Company.

Article IV SHAREHOLDERS

Section 1. Shareholders. Shareholders in the Company shall be limited to the owner or owners of one (1) lot or parcel of real property at the subdivision located in the County of Lake, State of California, known and to be known and referred to herein as "Riviera-West". For the purpose of these By-laws such lots and parcels shall consist of those described and set forth in final subdivision maps from time to time filed at the Office of the County Recorder of Lake County, California, relating to Riviera-West lots resulting from the resubdivision or alignment of any such lots or parcels; and each unit of any apartment building community or condominium, or other co-operative type of multiple living facilities that may be constructed within Riviera-West. A purchaser of any such lots under construction shall also be deemed to be an owner for purposes of these By-laws. A lot held as community property shall qualify the owners thereof for one (1) share only in the Company, which share shall be in the name of the husband as manager of the community. Only one (1) of any number of co-owners of any such lot or lots shall be a shareholder of the Company.

Section 2. Eligibility for Holding Stock. All persons who become owners of lots at Riviera-West, as defined and described above in Section 1 of this Article IV, shall, by reason of such ownership, become shareholders of the Company and be issued one (1) share of the Company's \$1.00 par value capital stock for each lot or parcel so owned. In addition, the Board of Directors of the Company is empowered to consider special circumstances from time to time not covered herein and based on such circumstances issue shares and determine eligibility for becoming a shareholder.

Section 3. Voting Rights. Each shareholder shall be entitled to one (1) vote for each share certificate held on each matter submitted to the vote of the shareholders. No distinction shall exist between the shareholders except that a shareholder must be in good standing in order to vote his share certificate.

Shareholders may cumulate their votes for directors as provided in the Corporations Code section 2235.

Section 4. Termination. The Board of Directors may suspend or expel a stockholder for cause after an appropriate hearing and by majority vote of those present at any regularly constituted meeting, and may cancel the share certificate of any shareholder who becomes default in the payment of assessments or charges for the period fixed in Article XII of these By-laws.

Section 5. Transfer of Shares. A share in this Company is transferable or assignable only with the transfer or assignment of the lot or parcel of land to which it attaches.

Section 6. Rights and Liabilities. No shareholder of the Company shall have any right, title or interest in or to any property or assets of the Company, except upon dissolution.

Article V MEETINGS OF SHAREHOLDERS

Section 1. Place of Meeting. The Board of Directors may designate any place in Lake County, California as the place of meeting for any annual meeting or for any special meeting. If no designation is made, the place of meeting shall be the principal office of the Company.

Section 2. Annual Meeting. The annual meeting of shareholders shall be held at such hour and on such day during the month of May or June of each year as shall be determined by the Board of Directors, beginning with the year 1970, for the purpose of electing directors, passing upon reports of the previous fiscal year and transacting such other business as may come before the meeting. The initial Board of Directors shall serve until the first annual meeting of shareholders. The Secretary shall mail or deliver to each shareholder written notice of the time and place of each annual meeting at least one (1) week prior to the time appointed therefore. Notice mailed to the last address given the Secretary of the Company by any shareholder shall be sufficient. If, for any reason, the annual meeting of shareholders shall not be on the date hereinbefore designated, a delayed annual meeting may be called and held upon the giving of like notice thereof.

Section 3. Special Meeting. Special meeting of the shareholders may be called at any time by the President, a majority of the Board of Directors, or not less than twenty-five percent (25%) of the shareholders of the Company, to be held at a convenient place in Lake County, California. Upon receipt of a request in writing setting forth the purpose of such proposed special meeting, signed by the President, or a majority of the Board of Directors, or not less than twenty-five percent (25%) of the shareholders of the Company, the Secretary shall fix a time and place for such meeting, which shall be not less than ten (10) nor more than thirty (30) days after the receipt of such request, and shall cause written notice thereof, setting forth the time and place and purpose of the meeting, to be given each shareholder by personal delivery or by mailing to the last address given to the Secretary of the Company, at least three (3) days prior to the time fixed for such meeting; and if the Secretary shall neglect or refuse to issue such call, the President, Directors or shareholders making the request may do so. A special meeting of shareholders may be held at any time without notice when all of the shareholders are present in person or by proxy or when all of the shareholder waive notice and consent in writing to the holding thereof.

Section 4. Quorum Proxies. The presence in person or by proxy of twenty percent (20%) of all shareholders of the Company shall constitute a quorum for the transaction of business at any shareholder meeting. Proxies shall be signed by the shareholder entitled to vote or by his duly authorized attorney in fact, and filed with the Secretary of the Company prior to the opening of any meeting at which they are voted. Proxies shall be effective only for the meeting at which filed, or any adjournment thereof, unless by their express terms they are given a longer duration.

Section 5. Voting. Except as otherwise provided by law, only shareholders in whose names shares entitled to vote stand on the records of the Company on the record date for voting purposes, fixed as provided in Article XIII of these By-laws, shall be entitled to vote at each meeting. Such vote may be viva voce or by ballot. Each shareholder is entitled to one (1) vote for each share owned by him. Every shareholder is entitled to vote at any election for directors shall have the right to cumulate his votes and give one (1) candidate a number of votes equal to the number of directors to be elected, multiplied by the number of

votes to which he is entitled, or to distribute his votes among as many candidates as he sees fit. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected.

Section 6. Informal Action. Any action required by law to be taken at a meeting of the shareholders, or any action which may be taken at a meeting of shareholders may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all the shareholders entitled to vote with respect to the subject matter thereof.

Article VI DIRECTORS

Section 1. General Powers. The business, property and affairs of the Company shall be managed by a Board of Directors of the Company which shall exercise all of the powers of the Company except such as are by law, the Articles of Incorporation or these By-laws conferred upon or reserved to the shareholders, including but not limited to the following:

First: To change the principal office for the transaction of business of the Company from one location to another; to prescribe the form of share certificates and to alter the form of the Company's seal and of such certificates from time to time as in their judgment they may deem best, provided such seal and such certificates shall at all times comply with the provisions of law.

Second: To authorize the issue of shares of the Company from time to time upon such terms as may be lawful.

Third: To borrow money and incur indebtedness for the purpose of the Company, and to cause to be executed and delivered therefore, in the Company's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecation or other evidences of debt and securities therefore.

Fourth: To appoint an Executive Committee and other committees, and to delegate to the Executive Committee any of the powers and authority of the Board in

the management of the business and affairs of the Company except the power to adopt, amend or repeal By-laws. The Executive Committee shall be composed of two (2) or more Directors.

Section 2. Number, Tenure and Qualifications. The number of Directors shall be three (3). Each Director shall hold office until the next annual meeting of shareholders and until his successor shall have been elected and qualified. The time of the election shall be as specified by the Board of Directors and these By-laws for the annual meeting of shareholders. Directors will be elected by a plurality vote of the shareholders present at the election meeting.

Section 3. Vacancies. Vacancies may be filled by a majority of the remaining Directors, though less than a quorum, or by a sole remaining Director, and each Director so elected shall hold office until his successor is elected at an annual meeting of Directors. A vacancy or vacancies shall be deemed to exist in the case of the death, incompetency, resignation, or removal of any Director, or if the authorized number of Directors be increased, or if the shareholders fail, at any annual meeting of shareholders at which the Director or Directors are elected, to elect the full authorized number of Directors. The shareholders may elect a Director or Directors at any time to fill any vacancy or vacancies not filled by the Directors. If the Board of Directors accepts the resignation of a Director tendered to take effect at a future time, the Board or the shareholders shall have the power to elect a successor to take office when the resignation is to become effective.

Article VII MEETING OF DIRECTORS

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

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

Section 3. Special Meetings. Special meetings of the Board may be called by the President, or if he is absent or unable or refuses to act by the Vice President or by any two (2) Directors. At least twenty four (24) hours' notice of such meeting shall be given to each Director, at which notice may be given by telephone.

Section 4. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice. The act of the majority of the Directors present at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these By-laws.

Section 5. Notice of Adjournment. Notice of time and place of holding an adjourned meeting need not be given to absent directors if the time and place be fixed at the meeting adjourned.

Section 6. Waiver of Notice. The transaction of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though a meeting had been duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each of the Directors not present signs a written Waiver of Notice or a consent to holding such meeting, or if an approval shall be filed with the Corporate records or made a part of the minutes of the meeting.

Section 7. Action Without Meeting. Any action required or permitted to be taken by the Board of Directors under the Articles of Incorporation, by these By-laws or under applicable law, may be taken without a meeting if all the members of the Board of Directors shall individually or collectively consent, in writing, to each action. Such action by written consent shall have the same force and effect as a unanimous vote of such Directors.

Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

Article VIII OFFICERS

Section 1. Generally. The officers of the Company shall be a President, Vice President, a Secretary and a Treasurer. The Corporation may also have, at the discretion of the Board of Directors, one (1) or more additional vice presidents, one (1) or more assistant secretaries, one (1) or more assistant treasurers and such other officers as may be appointed in accordance with the provisions of Section 2 of this article.

Section 2. Election and Term of Office. The officers of the Company shall be elected annually by the Board of Directors at the regular annual meeting of the Board of Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. New offices may be created and filled at any meeting of the Board of Directors, and two (2) or more of any officers, agents or employees may be combined in one person, except the office of the President and the Secretary. Each officer shall hold office until his successor shall have been duly elected and shall have qualified.

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

Section 4. Terms of Employment. The Board of Directors may appoint, employ, terminate, discharge, fix the compensation and provide for the duties and powers of such officers, agents and employees including removal with or without cause, as in the sole judgment of the Board shall be advisable subject to the provisions of this article and the provisions of written contracts of employment, if any. The Board of Directors shall hire and fix the compensation of any and all employees which they in their discretion may determine to be necessary for the conduct of the business of the Company. All employees shall be properly classified and identified to be working under the Mutual Water Company (or the Home Owners' Association).A

formal contractual agreement between all employees shall be executed.

Any officer may resign at any time by giving written notice to the Board, or to the President or to the Secretary of the Company. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; the acceptance of any such resignation shall not be necessary to make it effective. Such resignations shall be governed by the terms of the employment agreement if any.

Section 5. President. The President shall be the executive head of the Company and shall preside at all meetings of the Board of Directors and all meetings of the shareholders. The President, together with the Secretary shall sign all contracts, deeds, bonds and other obligations of the Company and other instruments authorized by the Board of Directors.

Section 6. Vice President. A Vice President shall perform, in the absence of the President or in the event of the President's inability to act, the same duties and functions as are provided to be performed by the President. A Vice President shall also perform such other duties as from time to time may be assigned to him by the Board or by the President.

Section 7. Secretary. The Secretary shall be the custodian of all records and documents pertaining to the Company and its property and shall keep fair and correct minutes and records of all meetings of shareholders and of the Board of Directors. The Secretary shall sign with the President where appropriate all contracts, deeds, bonds and other obligations of the Company, and other instruments authorized by the Board of Directors. The Secretary shall give notice of all meetings of shareholders of the Company and of the Board of Directors as set forth in these By-laws. If, at any meeting of the members of the Board of Directors, the Secretary shall be absent or unable to perform his duties, the President shall appoint a Secretary pro tem.

Section 8. Treasurer. The Treasurer shall have the care and custody of all monies belonging to the Company and shall be solely responsible for such monies and securities of the Company. He shall cause to be deposited in a regular business bank or trust company a sum not exceeding \$ _____ (current FDIC insurance limit) and the balance of the funds of the Company shall be deposited in a savings bank except that the

Board of Directors may cause such funds to be invested in such investments as shall be legal for a non-profit corporation in this State. He must be one of the Officers who shall sign checks or drafts of the Company. No special fund may be set aside that shall make it unnecessary for the Treasurer to sign the checks issued upon it. He shall render at stated periods as the Board of Directors shall determine a written account of the finances of the Company and such report shall be physically affixed to the minutes of the Board of Directors of such meeting. He shall exercise all duties incident to the office of the Treasurer. Financial statements shall be prepared using the modified accrual basis of accounting. Annual audits shall be conducted or alternate audits one year and reviewed by a CPA and the Board the following year. A timeline shall be developed for sending out Requests For Proposals to auditing firms and reviewing proposals. The Board Treasurer shall be provided with these supplemental reports (Check Register, Customer Billing Detail, Billing Adjustments Register, Payroll Register, Quarterly Form 941 Filings and Monthly Bank Reconciliation). The annual budget report shall be presented to the Board of Directors for approval.

Article IX

SEAL

The Corporate seal of the Company shall be in the form of a circle and shall have inscribed thereon the name of the Company and the date of and state of incorporation.

Article X

FINANCIAL MATTERS

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

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

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

Section 4. Gifts. The Board of Directors may accept on behalf of the Company any contribution, gift, bequest or device for the general purposes, or any special purpose of the Company.

Article XI SHARE CERTIFICATES

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

Section 2. Shares Appurtenant. Share Certificates of the Company shall be appurtenant to the lots and real property as the same are described and set forth above in Article IV of these By-laws and no share certificate shall be transferable except with the conveyance of the lot or other real property for which said certificate is issued. No fractional certificates shall be issued. Such conveyance shall effect the transfer of the certificate appurtenant to that particular lot or real property to its purchaser.

Section 3. Unauthorized Transfers. Share Certificates of the Company are not transferable or assignable except as specifically provided in these By-laws and the Company shall not be bound to recognize any transfer or assignments not made pursuant thereto.

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

Article XII ASSESSMENTS AND CHARGES

Section 1. Assessments. Assessments for the installation, depreciation, maintenance and operation of the pipelines and water system owned by the Company may be levied by the Board on the shareholders from time to time as deemed necessary.

Section 2. Water Charges. In addition to the levy of assessments referred to above, the Board of Directors shall, from time to time, fix water rates and charges by equitably prorating the cost of delivering water throughout the year, or throughout any given period less than a year, e.g. quarterly, to the shareholders of the Company receiving water for that year or such other period, as the case may be.

Section 3. Notice. The Secretary shall mail or deliver to each shareholder of the Company written notice of each charge or assessment and of the time and manner of paying the same, at least one (1) week prior to the time such charge or assessment shall become due and payable. Notice mailed postage prepaid to the last address given the Secretary of the Company by such shareholder shall be sufficient. If a charge or assessment is made payable on a monthly or other installment basis, notice shall be mailed or delivered upon the initial levy of the charge or assessment but addition notices need not be sent as the individual installments thereof fall due.

Section 4. DEFAULT. Charges and assessments, or installments thereof, not paid within thirty (30) days of the time the same became due and payable shall be in default and the shareholder owing such charges and assessments shall not be considered to be in good standing.

Section 5. Enforcement. The Company shall have the power to enforce the payment of all rates, charges and/or assessments and shall not be required to transfer delinquent shares on its books or to furnish water on account thereof to any shareholder or to any persons claiming under them, or to the land to which any shares are appurtenant, unless and until all assessments, rates and charges to which the same are related shall be paid, at the time and in the manner provided herein.

Article XIII MISCELLANEOUS

Section 1. Rules and Regulations. The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation or these By-laws, as it may deem advisable for the management of the business and affairs of the Company.

Section 2. Accounting System and Reports. The Board shall cause to be established and maintained, in accordance with generally accepted principles of accounting, an appropriate accounting system and books of account.

Section 3. Record Date and Closing of Share Certificate Book. The Board of Directors may fix a time, in the future, not exceeding thirty (30) days prior to the date of any meeting of shareholders, or the date of any other action affecting the shareholders as a record date for the determination of the shareholders entitled to notice of and to vote at such meeting, or entitled to receive such benefit, as the case may be, notwithstanding any transfer of any share certificates on the books of the Company after any record date fixed as aforesaid.

Section 4. Inspection of Company Records. The share certificate book, the books of account, the By-laws, and the minutes of proceedings of shareholders and directors and of the executive, if any, and other committees of Directors shall be open to inspection upon the written demand of any shareholder at any reasonable time, and for a purpose reasonable related to his interest as a shareholder, and shall be exhibited at any time when required by the demand at any shareholders meeting of ten percent (10%) of the shareholders represented at the meeting. Such inspection may be made in person or by an agent or attorney, and shall include the right to make extracts. Demand of inspection other than at a shareholders meeting shall be made in writing upon the President or a Secretary of the Company.

Section 5. Reports to Shareholders. Annual reports as required by law, if any, will be given to shareholders and in any event the Board of Directors may cause to be sent to the shareholders annual or other periodic reports in such form as may be deemed appropriate by the Board.

Section 6. Construction and Definitions. Unless the context otherwise requires, the general provisions, rules of construction, and definitions contained in the California General Corporation Law shall govern the construction of these By-laws. Without limiting the generality of the foregoing, the masculine gender includes the feminine and neuter, the singular number includes the plural number and the plural number includes the singular, and the term person includes corporation as well as a natural person.

Article XIV DISSOLUTION

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

Article XV AMENDMENTS

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

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

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of RIVIERA-WEST MUTUAL WATER COMPANY, a California corporation.
2. That the foregoing By-laws, comprising thirteen (14) pages, excluding this page, constitute the By-laws of said corporation as duly adopted at a meeting of the Board of Directors thereof duly held on the 14th day of March, 1969.

IN WITNESS THEREOF, I have hereunto subscribed my name and affixed the seal of said corporation this 14th day of March, 1969.

/s/Harriett Kay
Secretary

(SEAL)