

ARTICLE I

DEFINITIONS

The following terms used in these Bylaws are defined as follows:

1. "Association" shall mean and refer to DEL LAGO COMMUNITY ASSOCIATION, a non-profit corporation, incorporated under the laws of the State of California, its successors and assigns.

2. "Property" and "lots" shall mean and refer to all of the real property known as, described and included in Tract No. 32868 and any additions thereto as may hereafter be brought within the jurisdiction of the Association pursuant to Article II hereof.

3. "Common Area" and "Common Facilities" shall mean all real property owned by the Association for the common use and enjoyment of the members of the Association.

4. "Lot" shall mean and refer to a recorded lot within the existing property or any other properties annexed pursuant to this declaration, upon which there has been or will be constructed a Single family residence, but shall not mean or include any common area lot nor public streets and alleys.

5. "Member" shall mean and refer to every person or entity who holds membership in the Association.

6. "Owner" shall mean and refer to the record owner whether one or more persons or entities, of a fee simple title to or leasehold estate (or equitable owner under a contract of sale) in any lot which is a part of the properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

7. "Declarant" shall mean and refer to PACIFIC MARINE INVESTMENT CORPORATION, A California Corporation, its successors and assigns.

8. "Deed of Trust" shall mean the conveyance of any lot or other portion of the property to secure the performance of an obligation.

9. "Conveyance" shall mean and refer to conveyance of a fee simple or leasehold title to any lot.

ARTICLE II

OFFICE

Principal Office. The principal office for the transaction of the business of the Association is hereby fixed and located in the County of Los Angeles, State of California. The Board of Directors is hereby granted full power and authority to change said principal office from one location to another within said Los Angeles County.

ARTICLE III

MEMBERS

Section 1. Membership. Every person or entity who is a record owner of a fee or undivided fee interest (or equitable owner under a contract of sale) in any lot which is subject to covenants of record to assessment by the Association, shall be a member of the Association. Every member of this Association shall be subject to the provisions of the Articles of Incorporation and these Bylaws. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from the fee ownership of any lot which is subject to assessment by the Association. Ownership of such lot shall be the sole qualification for membership.

Section 2. Transfer. The membership held by any owner of a lot shall not be transferred, pledged or alienated in any way, except upon the sale or encumbrance of such lot, and then only to the purchaser or deed of trust holder of such lot. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association. In the event the owner of any lot should fail or refuse to transfer the membership registered in his name to the purchaser of such lot, the Association shall have the right to record the transfer upon the books of the Association.

Section 3. Termination of Membership. Membership in the Association shall automatically terminate when, if such member is the fee owner of the lot, such member sells and transfers the lot.

Section 4. Voting Rights. The Association shall have two classes of voting membership:

Class A. Class A members shall be all those owners as defined in Article III, with the exception of the Declarant. Class A members shall be entitled to one vote for each lot in which they hold the interest required for membership by Article III. When more than one person holds such interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any lot.

Class B. The Class B member shall be the Declarant. The Class B member shall be entitled to three (3) votes for each lot in which it holds the interest required for membership by Article III; provided that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or

(b) on the date, if any, specified in the Declaration.

Section 5. Membership Certificates. In its discretion, the Board of Directors of the Association may, but need not, issue appropriate membership certificates evidencing membership in the Association.

Section 6. Plural Memberships. A member may own more than one membership in this Association by complying with the qualifications of membership, as set forth in Section 1 of this Article.

Section 7. Dues and Assessments. The members of the Association shall be jointly, severally and personally liable for the payment of such dues and assessments as may from time to time be fixed and levied by the Board of Directors pursuant to the provisions of Article V, Section 1 (c) of these Bylaws; provided, however, that such levy must be applied in a uniform manner among all members. If such dues and assessments are not paid by the member when they are due, they shall bear interest from date of delinquency at the rate of ten percent (10t) per annum, and the Board of Directors may require the delinquent member to pay a late charge.

Section 8. Enforcement of Payment of Dues and Assessments. Should any member fail to pay his dues and assessments before delinquency, the Association, in the discretion of the Board of Directors, shall have the right to enforce payment of such delinquent dues and assessments by (a) filing and maintaining legal action against such delinquent member, or (b) recording in the office of the Recorder of Los Angeles County a claim of lien for such delinquent dues and assessments against the estate and improvements thereon owned by the delinquent member and by foreclosing such lien in accordance with the laws of the State of California then in effect governing the foreclosure of mortgages on real property. There shall be added to any claim hereunder the amount of such delinquent dues and assessments, the late charge, the costs of preparing and filing the complaint, and in the event a judgment is obtained, such judgment shall include said interest and a reasonable attorney's fee, together with the costs of action.

Section 9. Curing of Delinquency. Upon the timely curing of any delinquency for which a notice of claim of lien or any such action has been filed by the Association pursuant to Section 8, the officers of the Association shall file or record an appropriate release of such notice or dismissal of such action, as the case may be, upon the payment by the delinquent member of a fee, to be determined by the Board of Directors, to cover the costs of preparing or filing and recording such release, together with the payment of such other costs, interests or fees as shall have accrued in connection with the delinquency.

ARTICLE IV

MEETINGS OF MEMBERS

Section 1. Place of Meeting. All meetings of members shall be held within Tract 32868, or at a meeting place as close thereto as possible, or, if not possible, at such other place in the County of Los Angeles as may be fixed from time to time by resolution of the Board of Directors.

Section 2. Annual Meetings. The first annual meeting of the members shall be held in Los Angeles County, within forty-five (45) days after fifty-one percent (51%) of the lots have been sold, or within six (6) months after the sale of the first lot, whichever occurs first, and each subsequent regular annual meeting of the members shall

be held on the same month of each year thereafter, at the hour of 8:00 o'clock P.M. in Los Angeles County, provided, however, that the Board by resolution may fix a date for the meeting no more than thirty (30) days before or after said date. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 3. Special Meetings. Special meetings of the members for any purpose shall be promptly called at any time by the Board of Directors upon: (1) The vote for such a meeting by a majority of a quorum of the Board, or (2) Receipt of a written request for a special meeting signed by members representing at least five percent (5%) of the total voting power of the Association.

Section 4. Notices of Meetings. Written notice of meetings, annual or special, shall be given to each member entitled to vote, either personally or by sending a copy of the notice through the mail, postage prepaid, to his address appearing on the books of the Association, or supplied by him to the Association for the purpose of notice. All such notices shall be sent to each member entitled thereto not less than thirty (30) days nor more than Sixty (60) days before each meeting and shall specify the place, the day and the hour of such meeting, and in case of special meetings, the general nature of the business to be transacted.

When any meeting of members, either annual or special, is adjourned for thirty (30) days or more, notice of the time and place of the adjourned meeting shall be given as in the case of an original meeting. Except as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting, Other than by announcement thereof at the meeting at which such adjournment is taken.

Section 5. Consent of Absentees. the transaction of any business at any meeting of members, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum be present either in person or by proxy, and if, either before or after tile meeting, each of the members entitled to vote, not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or approval of the minutes thereof. All such waivers consents or approvals shall be filed with the records of the Association or made a part of the minutes of the meeting.

Section 6. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, fifty percent (50%) of the voting power shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If any meeting cannot he held because a quorum is not Present, the members present, either in person or by Proxy may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called. Except where a greater portion of the voting power is required by the Articles of Incorporation, the Declaration, or these Bylaws, a majority of the voting power present, in person or by proxy, shall prevail at all meetings.

Section 7. Proxies. Every member entitled to vote or execute consents shall have the right to do so either in person, or by an agent or agents authorized by a written proxy executed by such member or his duly authorized agent and filed with the Secretary of the Association; provided that no such proxy shall be valid after the expiration of the eleven (11) months from the date of its execution.

Section 8. Action Without Meeting. Any action which, under any provision of the Articles, these Bylaws, or the Mutual Benefit Corporation Law of the State of California, may be taken at a meeting of members, may be taken without a meeting if authorized by a writing signed by members entitled to exercise a majority of the voting power of the corporation and filed with the Secretary of the corporation.

ARTICLE V

DIRECTORS

Section 1. Powers. Subject to limitation of the Articles of Incorporation, the Declaration, or these Bylaws and of the California Corporations Code as to action to be authorized or approved by the members, and subject to the duties of the directors as prescribed by these Bylaws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Association shall be controlled by the Board of Directors. Without prejudice to such general powers but subject to the same limitations, the directors are vested with and shall have the following powers, to wit:

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

(b) To conduct, manage and control the affairs and business of the Association, and to make and enforce such rules and regulations therefor consistent with law, with the Articles of Incorporation, the Declaration and/or these Bylaws, as the Board may deem necessary or advisable.

(c) To change the principal office for the transaction of the business of the Association from one location to another within the County of Los Angeles, as provided in Article II hereof; to designate any place within said County or the holding of any annual or special meeting or meetings of members; to adopt and use a corporate seal, and to prescribe the form of certificate of memberships to such persons as shall be eligible for membership, as provided in Article III of these Bylaws.

(d) To borrow money and to incur indebtedness for the purposes of the Association (incurring aggregate expenditures of capital improvements to the common areas in any fiscal year in excess of 5% of the budgeted gross expenses of the Association for that fiscal year shall require the vote or written assent of a majority of the voting power of the Association residing in members other than Declarant), and to cause to

be executed and delivered therefor, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges or other evidences of debt and security therefor.

(e) To fix and levy from time to time regular dues and assessments upon the members of the Association; to fix and levy from time to time in any calendar year special assessments applicable to that year only for capital improvements; to determine and fix the due date for the payment of such dues and assessments, and the date upon which the same shall become delinquent; provided, however, that such dues and assessments shall be fixed and levied only to provide for the payment of the expenses of the Association and of taxes and assessments upon real or personal property owned, leased, controlled or occupied by the Association, or for labor rendered or materials or supplies used and consumed, or equipment and appliances furnished for the maintenance, improvement or development of such property or for the payment of any and all obligations in relation thereto, or in performing or causing to be performed any of the purposes of the Association for the general benefit and welfare of its members, and the Board of Directors is hereby authorized to incur any and all such expenditures for any of the foregoing purposes and to provide adequate reserves for replacements as it shall deem to be necessary or advisable in the interest of the Association or welfare of its members. Such assessments shall be fixed at a uniform rate for all lots. Should any member fail to pay such dues and assessments before delinquency, the Board of Directors, in its discretion, is authorized to enforce the payment of such delinquent dues and assessments as provided in Article III, Section 8 of these Bylaws.

(f) To enforce the provisions of the Declaration covering the Common Areas and Service Areas and Sims Pond, these Bylaws or other agreements of the Association.

(g) To contract for and pay fire, casualty, liability and other insurance insuring the unit owners, including bonding of the members of any management body, if deemed advisable by the Board.

(h) To contract for and pay maintenance, gardening, utilities, materials and supplies, and services relating to the Common Area and Sims Pond (unless conveyed to any public agency) and to employ personnel necessary for the operation of the project, including legal and accounting services. To contract for and pay for improvements and community facilities.

(i) To delegate its powers according to law, and subject to the approval of the members, to adopt these Bylaws.

(j) To grant easements where necessary for utilities and sewer facilities over the Common Area to serve the Common Areas and the lots.

(k) To fix, determine and name from time to time, if necessary or advisable, the fund, foundation or corporation which is then or there organized or operated for charitable purposes to which the assets of this Association shall be distributed upon liquidation or dissolution. The assets so distributed shall be those remaining after satisfaction of all just debts and obligations of the Association and after

distribution of all property held or acquired by the Association under the terms of a specific trust or trusts.

Section 2. Number and Qualification of Directors. The Board of Directors shall consist of the number of directors named in the Articles of Incorporation (5) until changed by amendment of the Articles, or by an amendment to this Section 2 of these Bylaws, fixing or changing such number, adopted by the vote or written assent of members entitled to exercise a majority of the voting power; but in no event shall there be less than three (3) directors. A person may serve as a Director without being a member of the Association.

Section 3. Election and Term of Office. Until the holding of the organizational meeting of the members referred to in Section 2, Article IV of these Bylaws, the Board of Directors shall consist of those directors who constituted the incorporators of this Association. All directors shall be elected at each annual meeting of members by secret written ballot and by cumulative vote if requested by any member, but if any such annual meeting is not held, or if the directors are not elected thereat, the directors may be elected at any special meeting of members held for that purpose. All directors shall hold office until their respective successors are elected.

Section 4. Vacancies and Removal. Subject to the limitations set forth in this Section, vacancies on the Board of Directors may be filled by a majority of the remaining directors, though less than a quorum, and each Director so elected shall hold office until his or her successor is elected at an annual meeting of members, or at a special meeting called for that purpose.

A vacancy or vacancies shall be deemed to exist in case of the death, resignation or removal of any director. Unless the entire governing body is removed from office by the vote of the members of the Association, no individual member shall be removed prior to the expiration of his or her term of office if the votes cast against removal would be sufficient to elect the member if voted cumulatively at an election at which the same total number of votes were cast and the entire number of members authorized at the time of the most recent election of the member were then being elected.

Furthermore, notwithstanding anything to the contrary in this section, a director who has been elected to office solely by the votes of members of the Association other than Declarant may be removed from office prior to the expiration of his term of office only by a vote of at least a simple majority of the voting power residing in members other than Declarant.

The members may at any time elect directors to fill any vacancy not filled by the directors and may elect the additional directors at the meeting at which an amendment of the Bylaws is voted authorizing an increase in the number of directors. No reduction of the number of directors shall have the effect of removing any director prior to the expiration of his term of office.

Section 5. Place of Meetings. All meetings of the Board of Directors shall be held at the principal office of the Association or

at any other place or places within the County of Los Angeles designated at any time by resolution of the Board or by written consent of all members of the Board.

Section 6. Organization Meeting. Immediately following each annual meeting of the members, the Board of Directors shall hold a regular meeting for the purpose of organization, election of officers and the transaction of other business. Notice of such meeting is hereby dispensed with.

Section 7. Other Regular Meetings. Other regular meetings of the Board of Directors may be held without call at such place and day and hour as may be fixed from time to time by resolution of the Board of Directors; provided, should said day fall upon a legal holiday then the meeting which would otherwise be held on said day shall be held at the same time on the next day thereafter ensuing which is not a legal holiday. Notice of all such regular meetings of the Board of Directors stating the time and place shall be posted at a prominent place or places within the common area. The meeting shall be held at Tract 32868 and held at least every six(6) months.

Section 8. Special Meetings - Notices. Special meetings of the Board of Directors for any purpose may be called at any time by the Chairman or by the President, or if they are unable or refuse to act, by the Vice President or by any two directors.

Written notice of the time and place of special meetings shall be delivered personally to the directors or sent to each director by letter or by telegram, postage or charges prepaid, addressed to him at his address as it is shown upon the records of the Association In case such notice is mailed or telegraphed, it shall be deposited in the United States Mail or delivered to the telegraph company at or near the place in which the principal office of the Association is located at least seventy-two (72) hours prior to the time of the holding of the meeting. Such mailing, telegraphing or delivery as provided herein shall be due, legal and personal notice to each such director. Said notice shall also be posted in a prominent place within Tract 32868.

Section 9. Notice of Adjournment. Notice of adjournment of any directors' meeting, either regular or special, need not be given to absent directors, if the time and place are fixed at the meeting adjourned.

Section 10. Waiver of Notice. The transaction of any business at any meeting of the Board of Directors, however called and noticed, or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present and, if either before or after the meeting, each of the directors not present signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the records of the Association or made a part of the minutes of the meeting.

Section 11. Quorum. A majority of the number of directors as fixed by the Articles of Incorporation or these Bylaws shall be necessary to constitute a quorum for the transaction of business, except to adjourn

as hereinafter provided. Every act or decision made or done by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board

Section 12. Adjournment. A quorum of the directors may adjourn any directors' meeting to meet again in executive session at a stated day and hour to discuss personnel matters, litigation in which the Association is or may become involved and orders of business of a similar nature. The nature of any and all business to be conducted in executive session shall first be announced in open session.

Section 13. Open Meetings. Regular and special meetings of the Board of Directors shall be open to all members of the Association provided, however, that Association members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of the majority of the Board.

Section 14. Fees and Compensations. No director or officer shall receive any salary for his services as such officer or director. Nothing herein contained shall be construed to preclude any director or officer from serving the Association as agent, counsel or any capacity other than as such director or officer, and receiving compensation therefor.

Section 15. Presiding Officer. The members of the Board of Directors shall elect one of their number to act as Chairman and one of their number to act as Secretary. The Chairman shall preside at all meetings of the Board of Directors and of the members.

Section 16. Indemnification of Directors, Officers and Employees. Except to the extent prohibited by then applicable law, this corporation shall reimburse, indemnify and hold harmless each present and future director, officer and employee of this corporation and each person who, at the request of this corporation, acts as a director, officer or employee of any other corporation in which this corporation has an interest, from and against all loss, cost, liability and expense which may be imposed upon or reasonably incurred by him, including reasonable settlement payments, in connection with any claim, action, suit or proceeding, or threat thereof, made or instituted, in which he may be involved or be made a party by reason of his being or having been a director, officer or employee of this corporation or such other corporation, or by reason of any action alleged to have been taken or omitted by him in such capacity, if a disinterested majority of the Board of Directors of this corporation (or, if a majority of the Board of Directors is not disinterested, then independent legal counsel) determines in good faith that such person was acting in good faith (a) within what he reasonably believed to be the scope of his authority or employment and (b) for a purpose which he reasonably believed to be in the best interests of the corporation.

The right of indemnification provided in this Section shall inure to each person referred to in this Section, whether or not the claim asserted against him is based on matters which arose in whole or in part prior to the adoption of this Section and, in the event of his death, shall extend to his legal representatives. The right of indemnification provided in this Section shall not be exclusive of any other rights to which any such person, or any other individual, may be

entitled as a matter of law (including, without limitation his rights under Section 830 of the California Corporations Code), or under any agreement, vote of directors or stockholders, or otherwise.

ARTICLE VI

OFFICERS

Section 1. Officers. The officers shall be a President, Vice President, a Secretary and a Treasurer, which officers shall be elected by and hold office at the pleasure of the Board of Directors. Each of the officers may, but need not, be a member of the Board of Directors. Any two or more of such offices, except those of President and Secretary, may be held by the same person. The office of President, and all other offices, may be held by someone who is not a member of the Board of Directors.

Section 2. Election. The officers of the Association, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article, shall be chosen annually by the Board of Directors, and each shall hold his office until he shall resign or Shall be removed or otherwise disqualified to serve, or until his successor shall be elected and qualified.

Section 3. Subordinate Officers. The Board of Directors may appoint such other officers as the business of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws, or as the Board of Directors may from time to time determine.

Section 4. Removal and Resignation. Any officer may be removed, either with or without cause, by the vote of a majority of all the directors then in office at any regular or special meeting of the Board at which a quorum is present.

Any officer may resign at any time by giving written notice to the Board of Directors or to the President or to the Secretary of the Association. Subject to the provisions of Section 4 of this Article, any such resignation shall take effect as of the date of the receipt of such notice, or at any later time specified herein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to such office.

Section 6. President. The President shall be the chief executive officer of the Association and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the Association. The President may, but need not be, the Chairman of the Board of Directors. He shall be an ex-officio member of all standing committees, if any, and shall have the general powers and duties of management usually vested in the office of the President of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws.

Section 7. Vice President. In the absence or disability of the President, the Vice President shall perform all the duties of the President, and when so acting, shall have all the powers of, and be subject to all the restrictions upon the office of President. The Vice President shall have such other powers and perform such other duties as from time to time may be prescribed for him by the Board of Directors or the Bylaws.

Section 8. Secretary. The Secretary shall keep, or cause to be kept, a book of Minutes at the principal office or such other place as the Board of Directors may order, of all meetings of directors and members, with the time and place of the holding of same, whether regular or special and, if special, how authorized, the notice thereof given, the names of those present or represented at members' meetings and the thereof.
proceedings

The Secretary shall keep, or cause to be kept, at the principal office, a membership register showing the following: (1) the names and addresses of all members of the Board of Directors; (2) the names of the members and their addresses; (3) the property to which each membership relates; (4) the number of memberships held by each member; (5) the number of votes represented by each member; (6) the number and date of membership certificates issued, if any; and (7) the number and date of cancellation of membership certificates, if any.

The Secretary shall give, or cause to be given, notice of all meetings of the members and of the Board of Directors required by the Bylaws or by law to be given, and he shall keep the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

Section 9. Treasurer. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association. The books of account shall at all reasonable times be open to inspection by any director or by any member.

The Treasurer shall deposit all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Association as may be ordered by the Board of Directors, shall render to the President and directors, whenever they request it, an account of all of his transactions as Treasurer and of the financial conditions of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

ARTICLE VII

MISCELLANEOUS

Section 1. Record Date and Closing Membership Register.

The Board of Directors may fix a time, in the future, not exceeding fifteen (15) days preceding the date of any annual or special meeting

of the members, as a record date for the determination of the members entitled to notice of and to vote at any such meeting, and in such case only members of record on the date so fixed shall be entitled to notice of and to vote at such meetings, notwithstanding any transfer of any membership on the books of the Association after any record date so fixed. For the purpose of determining such record date, the Board of Directors may close the books of the Association against transfer of membership during the whole, or any part, of any such period.

Section 2. Inspection of Corporate Records. The Membership register, the books of account and minutes of meetings of the members' and directors' meetings and of committees of the directors and members or their duly appointed representatives shall be open for inspection at reasonable times from time to time and in the manner provided in the Corporations Code of the State of California relating thereto. The foregoing shall be kept at the office of the Association or at such other place within the Tract as the directors shall prescribe. Such register, books and minutes may be copied by any member or director or his representatives at the member's expense. The Board of Directors shall establish reasonable rules with respect to: (a) notice to be given to the custodian of the records by the member desiring to make the inspection, (b) hours and days of the week when such inspection may be made, and (c) payment of the cost of reproducing copies of documents requested by a member. Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the rights to make extracts and copies of documents.

Section 3. 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 Association, shall be signed or endorsed by such officer or officers and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

Section 4. Contracts, etc., How Executed. The Board of Directors, except as in these Bylaws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to tender it liable for any purpose or for any amount.

Section 5. Annual Report. An annual report consisting of the following shall be distributed by the Board of Directors within one hundred and twenty (120) days after the close of each fiscal year: (A) a balance sheet as of the end of the fiscal year, (B) an operating (income) statement for the fiscal year, (C) a statement of changes in financial position for the fiscal year, and (D) any information required to be reported under Section 8322 of the Corporations Code.

Section 6. Inspection of Bylaws. The Association shall keep in its principal office for the transaction of business the original or a copy

of the Bylaws as amended, certified by the Secretary, which shall be open to inspection by all of the members at all reasonable times.

Section 7. Annual Independent Audit. An annual independent audit of the account or accounts of the Association or any management body shall be made, and a copy of such audit shall be available for the inspection of each member, officer or director of the Association within thirty (30) days of completion thereof.

Section 8. Singular Includes Plural. Wherever the context of these Bylaws requires same, the singular shall include the plural and the masculine shall include the feminine.

ARTICLE VIII

AMENDMENTS

Section 1. Powers of Members. The Bylaws of this Association may be adopted, amended or repealed by the vote or written assent of members entitled to exercise a majority of the voting power, or the vote of a majority of a quorum at a meetings of members duly called for such purpose and a majority of the votes of members other than Declarant, provided the proposed amendment has been submitted to each member together with the advance notice of said meeting. Notwithstanding the above, the percentage of a quorum or of the voting power of the Association or of members other than Declarant necessary to amend a specific clause or provision in the Articles or Bylaws shall not be less than the prescribed percentage of under that clause.

Section 2. Amendments When 2 Classes of Voting Membership in Effect. So long as a two-class voting structure is provided and is still in effect in the Association, none of the governing instruments may be amended without the vote or written assent of fifty percent (50%) of a quorum of members of each class.

Section 3. Record of Amendments. Whenever an amendment or new Bylaw is adopted, it shall be placed in the book of 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 said book.

Section 4. Conflicts. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

(End of Bylaws)