

Bylaws (Required Civil Code Sec. 4525)
California Vintage at Ardenwood Owners' Association

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BYLAWS OF CALIFORNIA VINTAGE OWNERS' ASSOCIATION

ARTICLE I NAME

The name of this nonprofit mutual benefit corporation is CALIFORNIA VINTAGE OWNERS' ASSOCIATION" (the "Association").

ARTICLE II DEFINITIONS

The terms used herein shall have the meanings set forth in the Declaration of Covenants, Conditions and Restrictions of California Vintage, a planned development, recorded on **, 198**, as Recorder's Series No. **, in the Official Records of the County of Alameda, State of California (the "Declaration").

ARTICLE III POWERS AND DUTIES OF ASSOCIATION AND BOARD

3.1 POWERS OF ASSOCIATION: The Association has the general power to do any and all things that a nonprofit mutual benefit corporation organized under the laws of the State of California may lawfully do for the benefit of its Members. These powers include any and all lawful actions which may be authorized, required or permitted to be done under and by virtue of the Project Documents or which may be necessary and proper for or incidental to the exercise of any of the express powers of the Association or for the peace, health, comfort, safety or general welfare of the Members. The Association shall have all of the powers and duties set forth in the Project Documents, subject to the limitations stated in the Project Documents.

3.2 POWERS OF BOARD: Except for the powers specifically reserved to the Members by the Project Documents and except as limited by the laws of the State of California, the Board shall have the authority to exercise all powers and undertake all duties of the Association. The Board may delegate any of its powers to any committee, officer or employee as the Board deems necessary and proper except that no committee shall have the power to: (i) approve any action which requires the approval of the Members as provided in the Declaration or these Bylaws; (ii) fill vacancies on the Board or any committee; (iii) amend or repeal these Bylaws

(or adopt new Bylaws; (iv) amend or repeal any resolution of the Board; or (v) appoint Directors, committees of the Board or members thereof. The Board shall hire a professional manager or management firm to handle maintenance operations and collection procedures. No employment contract with a manager shall be for a period longer than one (1) year except as provided in Section 3.3. Except as expressly prohibited, the Board may delegate to the manager any of its duties, powers or functions, including the authority to deposit or withdraw funds from the accounts of the Association, but excluding the right to take any action described in Corporations Code Section 7236 and excluding the right to withdraw from any Reserve Account. The manager may additionally be authorized to establish a common trustee account for the deposit of assessments collected.

3.3 LIMITATIONS ON POWERS OF BOARD:

3.3.1 APPROVAL OF EACH CLASS: Without the approval of each class of Members, the Board shall be prohibited from taking any of the following actions:

(a) Entering into a contract with a third person for goods or services for the Common Area or the Association for a term longer than one (1) year, with the following exceptions:

(i) A management contract, the terms of which have been approved by the Federal Housing Administration or the Veterans Administration;

(ii) A contract with a public utility if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate;

(iii) Prepaid casualty or liability insurance of not more than three (3) years duration, provided that the policy permits for short rate cancellation by the insured;

(iv) Lease agreements for laundry room fixtures and equipment and/or agreements for cable television services not to exceed five (5) years in duration provided that the lessor/supplier under the agreement is not an entity in which Declarant has a direct or indirect ownership interest of ten percent (10%) or more; and

(v) Agreements not to exceed five (5) years in duration for the sale or lease of burglar alarm and/or fire alarm equipment, installation and services provided that the supplier(s) is not an entity in which Declarant has a direct or indirect ownership interest of ten percent (10%) or more.

(b) During any fiscal year, selling property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

(c) Paying compensation to Directors or officers of the Association for their services as Directors or as officers; provided, however, that the Board may cause a Director or officer to be reimbursed for reasonable expenses actually incurred in carrying on the business of the Association.

(d) Incurring aggregate expenditures for Improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

(e) Filling a vacancy on the Board created by the removal of a Director.

3.3.2 APPROVAL OF THE MEMBERS: Without the approval of the Members at a meeting at which more than fifty percent (50%) of the Members are present, the Board shall be prohibited from (i) levying a Regular Assessment which is more than twenty percent (20%) greater than the Regular Assessment per Lot for the immediately preceding fiscal year or (ii) levying a Special Assessment within a single fiscal year which in the aggregate exceed five percent (5%) of the budgeted gross expenses for said fiscal year. Any meeting of the Association at which either action is taken must be conducted in compliance with Chapter 5 (commencing with Section 7510) of Division 2 of Title I of the Corporations Code and Section 7613 of the Corporations Code. Notwithstanding the first sentence of this Section 3.3.2, the Board may increase assessments necessary for the following emergency situations: (i) extraordinary expenses required by an order of a court; (ii) extraordinary expenses necessary to repair or maintain the Project or any part of it for which the Association is responsible where a threat to personal safety on the Project is discovered; or (iii) extraordinary expenses necessary to repair or maintain the Project or any part of it for which the Association is responsible that could not have been reasonably foreseen by the Board when it prepared and distributed the budget. Prior to the imposition or collection of an assessment for emergency situations pursuant to this Section, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expenses involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The resolution shall be distributed to the Members with the notice of the increased assessment.

3.4 BOOKS AND RECORDS: The Board shall cause a complete record of all of its acts and corporate affairs to be kept. The membership register, including mailing addresses and telephone numbers and all books, records and papers of the Association, including minutes of meetings of the Board, Association and

committees of the Association, and the Project Documents shall be available for inspection and copying by any Member or his duly appointed representative during reasonable business hours. The Board shall establish rules regarding (i) notice to be given to the custodian of the records by a Member desiring to make the inspection; (ii) hours and days of the week when an inspection may be made; and (iii) payment for costs of making copies of documents requested by a Member. Every Director shall have the absolute right to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association at any reasonable time. A Director is entitled to make extracts and copies of documents.

3.5 DISTRIBUTION OF PROJECT DOCUMENTS: Within ten (10) days of a written request by a Member, the Association shall provide to the Member current copies of the Project Documents. A charge for the copies may be made by the Association, which shall not exceed the reasonable costs of preparation, reproduction and mailing.

3.6 NOTICE AND HEARING:

3.6.1 PROCEDURE: If a Member appears to be in violation of any provision of the Project Documents and the provisions of any of the Project Documents require that Notice and Hearing be provided, the Association shall give written notice to the Member specifying the nature of the violation (and providing any other appropriate information) and stating the time, date and place that the Member will have an opportunity to be heard. If the Member's failure to correct a violation, within a reasonable period of time specified by the Association, results in the expenditure of funds by the Association to correct the violation, the notice shall also state that the Association may levy a Reimbursement Assessment if the Association finds that a violation has occurred. Written notice shall be given at least fifteen (15) days prior to the date set for the hearing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after it has been deposited in the United States mail, first class postage prepaid, addressed to the Member at the address given by the Member to the Board for the purpose of service of notice or to the address of the Member's Lot if no other address has been provided. Any address may be changed from time to time by giving written notice to the Board.

3.6.2 DETERMINATION: After the hearing has taken place, the Board shall (i) determine whether a violation has occurred and, if so, may impose a Reimbursement Assessment which shall become effective not less than five (5) days after the date of the hearing; or (ii) take such other action as may be appropriate. The determination of the Board shall be final. However, nothing herein shall be construed to prevent the Board from making any emergency

repairs or taking any other emergency action it deems necessary and subsequently providing Notice and Hearing.

3.7 TAX EXEMPT STATUS: If the Board elects to obtain and maintain tax-exempt status for the Association, the Board shall cause any annual election for tax-exempt status required under federal or state law to be filed timely and shall cause the Association to comply with the statutes, rules and regulations adopted by federal and state agencies pertaining to such exemptions.

ARTICLE IV MEMBERSHIP AND VOTING

4.1 CLASSES OF MEMBERSHIP: Until the conversion of Class B membership to Class A membership, the Association shall have two (2) classes of Members.

4.1.1 CLASS "A" MEMBERS: Each Owner, except Declarant, shall be a Class A Member. Declarant shall be a Class A Member after the expiration of Class B membership. One (1) vote for each Lot owned by a Class A Member may be cast.

4.1.2 CLASS "B" MEMBER: Until the expiration of Class B membership, Declarant shall be a Class B Member. Three (3) votes for each Lot owned by a Class B Member may be cast. Class B membership shall expire and shall be converted to Class A membership on the first to occur of the following events:

(a) The date which is the second (2nd) anniversary of the original issuance of the Public Report for the most recent Phase of the Project; or

(b) The date which is the fourth (4th) anniversary of the original issuance of the Public Report for the first Phase of the Project.

4.2 VOTING GENERALLY:

4.2.1 CASTING VOTES: The vote for each Lot shall be cast as a majority of co-Owners of the Lot shall determine. Any vote cast by a single Member shall be deemed the authorized vote for that Lot. If the majority of co-Owners present in person or by proxy at a meeting cannot agree as to how to cast the vote for the Lot, no vote shall be cast for that Lot. The power to cast a particular Member's vote may be exercised by (i) the Member's conservator; (ii) the guardian of his estate; (iii) the parent(s) entitled to custody of a Member if the Member is a minor; or (iv) the executor or administrator of a deceased Member's estate if the Member's interest in the Lot is subject to administration in his estate.

4.2.2 VESTING OF VOTING RIGHTS: A Member's voting rights shall vest once payment of the Regular Assessment has commenced for the Member's Lot, but in no event before that time.

4.3 VOTING PROCEDURES: Any action required by law or by the Project Documents to be approved by the Owners, the Members or each class of Members shall be approved, if at all, in accordance with the procedures set forth in this Section.

4.3.1 SPECIFIED PERCENTAGE: All references in this Section 4.3 to the term "Specified Percentage" shall refer to the percentage vote expressly required by the Project Documents, unless no percentage is specified, in which case the action to be approved shall only require a majority vote.

4.3.2 APPROVAL: Approval shall be obtained, if at all, either at a meeting or by written ballot in accordance with either of the following two procedures:

(a) Any action taken at a meeting shall be approved by the vote of the Specified Percentage of the total number of votes which may be cast by the Members who are present at the meeting or represented by proxy. If a quorum is not present after a quorum was initially established, any action taken shall be subject to the requirements of Section 7512 of the California Corporations Code.

(b) Action taken without a meeting shall be approved by the written ballot of the Specified Percentage of the total number of votes which may be cast by the Members; as long as the number of votes cast by written ballot is at least equal to a quorum. However, action without a meeting may only be utilized if done in full compliance with Section 7513 of the California Corporations Code. In no circumstances, may Directors be elected by using this procedure.

4.3.3 OF THE MEMBERS: Each provision of the Project Documents or of law which requires the approval of the Members requires all Members to vote as a single group without regard to whether a Member is a Class A Member or a Class B Member.

4.3.4 OF EACH CLASS: Each provision of the Project Documents which requires the approval of each class of Members shall be approved in accordance with one of the following provisions:

(a) Prior to the conversion of Class B membership to Class A membership, any action for which the Project Documents expressly require the approval of each class of Members shall require the separate approval of the Specified Percentage of each class of Members.

(b) After the conversion of Class B membership to Class A membership, but while Declarant still owns one or more Lots in the Project, any action for which the Project Documents expressly require the approval of each class of Members shall require the separate approval of (i) the Specified Percentage of the Members and (ii) the Specified Percentage of the Members, excluding the vote of Declarant.

(c) After Declarant no longer owns a Lot in the Project, any action for which the Project Documents expressly require the approval of each class of Members shall require the Specified Percentage of the Members.

4.4 PROXIES: Each Member may vote by proxy. Each proxy shall be in writing, signed and dated by the Member and filed with the Secretary of the Association. No proxy shall be valid as to those matters described in Corporations Code Section 7613(g) unless it sets forth the general nature of the matter as required by Section 7613(g). Every proxy shall be revocable and shall automatically cease upon actual notice to the Association of the conveyance by the Member of his interest in his Lot or the death or judicially declared incompetence of the Member. Any form of proxy or written ballot distributed by any person to the Members shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon except that a candidate for election as a Director need not be named in the proxy or written ballot. The proxy or written ballot shall provide that where the Member specifies a choice the vote shall be cast in accordance with that choice. The proxy shall also identify the person or persons authorized to exercise the proxy and the length of time it will be valid.

4.5 CUMULATIVE VOTING: Cumulative voting applies only when electing or removing Directors. Class A Members shall be entitled to cast a number of votes equal to the number of Directors to be elected multiplied by the number of Lots owned. Class B Members shall be entitled to cast a number of votes equal to the number of Lots owned multiplied by three multiplied by the number of Directors to be elected. Every Member may cumulate his votes and give them to a single candidate or distribute them among as many candidates as he thinks fit, as long as the name of any candidate for whom the Member casts cumulated votes has been put into nomination prior to the commencement of voting and the Member announces his intention to cumulate votes prior to voting. If one Member announces his intention to cumulate votes, all Members may cumulate votes.

ARTICLE V DIRECTORS AND OFFICERS

5.1 GENERALLY: The affairs of the Association shall be managed by a Board of five (5) Directors who shall be Members in good standing, or officers, directors or employees of a Member in good standing, including Declarant. Each Director shall serve from the date appointed or elected until his successor is elected. Directors shall be elected at annual meetings. The officers of the Association shall be a President, who shall be a Director, a Secretary and a Chief Financial Officer (Treasurer). Each officer shall hold office until his successor is elected unless he resigns, is removed or otherwise is disqualified from serving. The Board may appoint a person to fill a vacancy in any office and he shall serve the remainder of the term of the officer he replaces.

5.2 ELECTION OF DIRECTORS: The initial Board shall be appointed by Declarant and shall hold office until the first annual meeting of Members. Beginning at the first annual meeting, Directors shall be elected as provided in this Section.

5.2.1 NOMINATION: Nomination for election to the Board shall be made by a nominating committee. The nominating committee shall consist of a chairman, who shall be a Director, and two or more Members. The committee shall be appointed by the Board and shall be announced at each annual meeting. Members of the nominating committee shall serve from the close of the meeting at which their appointments are announced until the close of the next annual meeting. The nominating committee shall make as many nominations for election to the Board as it determines in its discretion; provided, however, that there must be at least as many nominations as there are vacancies to be filled. Nominations may also be made from the floor.

5.2.2 ELECTION: Election to the Board shall be by secret written ballot. The persons receiving the largest numbers of votes shall be deemed elected. Each Member may cumulate his votes in the manner described in Section 4.4. However, as long as there are two (2) classes of Members, or as long as Declarant is entitled to cast a majority of the votes which may be cast by the Members, twenty percent (20%) of the Directors must be or have been separately elected solely by a vote of Members other than Declarant. The remaining Directors shall then be elected in the manner described in this Section.

5.2.3 TERM OF OFFICE: Each Director elected shall serve a term of two (2) years, provided that the two (2) Directors elected at the first meeting who receive the fewest votes shall serve a term of one (1) year.

5.3 REMOVAL AND RESIGNATION OF DIRECTORS: Unless the entire Board is removed from office by a vote of the Members, an individual Director shall not be removed prior to the expiration of his term if the number of votes cast against his removal is greater than the sum arrived at by using the following formula: $X/Y + 1$, where X equals the total number of votes cast at the election to remove the Director and Y equals the number of Directors authorized to be elected by these Bylaws. However, any Director who has been elected solely by Members other than Declarant may be removed from office prior to the expiration of his term only by the vote of not less than fifty-one percent (51%) of Members other than Declarant. When voting for the removal of a Director, each Member shall be entitled to cumulate his votes as described in Section 4.5. Any Director may resign by giving written notice to the Board. The resignation shall be effective on the date specified in the notice. Unless otherwise provided in the notice, the acceptance of a resignation shall not be necessary to make it effective.

5.4 ELECTION OF OFFICERS: Officers shall be elected by the Board at the first meeting held after each annual meeting of the Association. The Board may also elect a Vice President and/or such other officers as the affairs of the Association may require. Only a Director may be elected as Vice President. The terms of office shall be prescribed by the Board.

5.5 REMOVAL AND RESIGNATION OF OFFICERS: Any officer may be removed from office by the Board with or without cause. If a Director serving in the office of President or Vice President has been removed pursuant to Section 5.3, he shall also be automatically removed from his position as an officer. Any officer removed by the Board shall not be removed from the position of Director except pursuant to Section 5.3. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. The resignation shall be effective on the date specified in the notice. Unless otherwise specified in the notice, the acceptance of a resignation shall not be necessary to make it effective.

5.6 DUTIES OF OFFICERS: Unless otherwise (i) directed by the Board or (ii) required by law, officers shall perform the duties described herein:

5.6.1 PRESIDENT: The President shall (i) preside at all meetings of the Board; (ii) see that orders and resolutions of the Board are carried out; and (iii) sign all leases, mortgages, deeds, promissory notes and other written instruments.

5.6.2 VICE PRESIDENT: The Vice President, if any, shall act in the place and stead of the President in the event of the President's absence or his inability or refusal to act.

5.6.3 SECRETARY: The Secretary shall (i) record the votes and keep the minutes of all meetings and proceedings of the Board and the Association; (ii) serve notice of meetings of the Board and the Association; and (iii) keep appropriate current records showing the Members together with their addresses.

5.6.4 CHIEF FINANCIAL OFFICER: The Chief Financial Officer shall (i) receive and deposit into appropriate bank accounts all monies of the Association; (ii) disburse funds as directed by resolutions of the Board; (iii) keep proper books of account; and (iv) prepare or cause to be prepared all budgets and financial statements.

ARTICLE VI MEETINGS OF MEMBERS

6.1 ANNUAL MEETINGS: The first annual meeting of the Association shall be held within forty-five (45) days after the closing of the sale of the Lot which represents the fifty-first (51st) percentile of the total Lots in the Project authorized for sale under the first Public Report for the Project, but in no event later than six (6) months after the date of the closing of the sale of the first Lot in the Project. The second annual meeting of the Association, and every annual meeting thereafter, shall be held during the same month of the year that the first annual meeting was held, with the specific day and time to be determined by the Board. Meetings shall be held within the Project or at a location as close to the Project as possible. The Board shall specify the location of the meeting in the notice for the meeting.

6.2 SPECIAL MEETINGS: A special meeting of the Members must be promptly scheduled by the President, or, if the President refuses or is unable to, by any Director, upon (i) a vote of the Board itself; or (ii) receipt by the Board of a written request for such a meeting signed by Members entitled to cast not less than five percent (5%) of the total votes which may be cast by the Members. Special meetings of the Members may also be called at any time by the President or the Board.

6.3 NOTICE: Except where the Project Documents require otherwise, written notice of regular and special meetings of the Members shall be given by or at the direction of the Secretary or other person authorized to call the meeting. Notice of each meeting shall be given to each Member entitled to vote at the meeting and shall be addressed to the Member at either (i) the most recent address appearing on the books of the Association or (ii) the address supplied by the Member to the Association for the purpose of notice. Notices for a meeting called pursuant to Sections 6.1 or 6.2 (i) shall be personally delivered or mailed first class with postage prepaid at least ten (10) but not more than ninety (90) days before the meeting; however, notices for a

meeting called pursuant to Section 6.2 (ii) shall be given at least thirty-five (35) but not more than ninety (90) days after receipt by the Board of the request. Notice by mail other than first class shall be made at least twenty (20) but not more than ninety (90) days before each meeting. Notices of meetings shall specify the place, day and hour of the meeting. Notices of special meetings shall also state the purpose of the special meeting. If mailed, notices shall be deemed to be delivered twenty-four (24) hours after their deposit in the United States mail, first class postage prepaid.

6.4 QUORUM: The presence at the meeting of Members and proxies entitled to cast fifty-one percent (51%) of the total number of votes which may be cast by the Members shall constitute a quorum for any action, except as provided in Section 3.3.2 of these Bylaws. If a quorum is not present or represented at any meeting, a majority of the Members present in person shall have the power to adjourn the meeting to another time with no notice other than an announcement at the meeting. If a time and place for the reconvened meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the reconvened meeting after adjournment, notice of the time and place of the reconvened meeting shall be given to Members in the manner prescribed for regular meetings.

ARTICLE VII MEETINGS OF DIRECTORS

7.1 REGULAR MEETINGS: Regular meetings of the Board shall be held quarterly unless the Board determines that the business to be transacted requires more frequent meetings. In that event, regular meetings shall be held at intervals determined by the Board but not less frequently than quarterly. Regular meetings shall be held at the time and place fixed by the Board.

7.2 SPECIAL MEETINGS: Special meetings of the Board shall be held when called by written notice signed by the President of the Association or by any two Directors other than the President.

7.3 NOTICE: Notice of any regular meeting of the Board shall be given to each Director not less than four (4) nor more than fifteen (15) days prior to the date fixed for such meeting. Notice shall be personally delivered or sent by mail or telegram to each Director at his address as shown in the records of the Association; provided, however, that notice of a meeting need not be given to any Director who signs a waiver of notice or a written consent to the holding of such meeting. The notice shall specify the time and place of the meeting. Notice of any special meeting shall be given in the same manner as notice for a regular meeting, except that notice shall be given to each Director not less than seventy-two (72) hours prior to the date fixed for the meeting.

The notice shall specify the purpose of the meeting. If the notice is mailed, it shall be deemed to be delivered twenty-four (24) hours after deposit in the United States mail with first class postage fully prepaid. If notice is given by telegram, notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. The attendance of a Director at the meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

7.4 QUORUM: A majority of the Directors shall constitute a quorum for the transaction of business. Every action taken and every decision made by the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

7.5 ACTION WITHOUT A MEETING: In an emergency, the Directors shall have the right to take any action that may be required for the efficient and expeditious operation and conduct of the Association's business without a meeting if (i) the Board would have the power and authority to act at a meeting and (ii) the written consent of all Directors to such action is first obtained. Unless mailed, written notice of the action taken without a meeting must be posted in a conspicuous place within the Common Area within three (3) days after the consent of all Directors is obtained. Any action taken by written consent shall have the same effect as if it were taken at a duly noticed meeting of the Board.

7.6 PARTICIPATION BY MEMBERS: Unless notice is mailed to all Members, the Secretary shall post a notice of all Board meetings in a conspicuous place within the Common Area. Notices shall be posted not less than four (4) days prior to the scheduled time of the regular meeting and not less than seventy-two (72) hours prior to the scheduled time of the special meeting. All meetings of the Board shall be open to all Members but Members who are not Directors shall have no right to participate in any deliberations or discussions of the Board unless expressly authorized by a vote of the Board. If the nature of the business is first announced in open session, the Board may vote to adjourn and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved and orders of business of a similar nature.

ARTICLE VIII INDEMNIFICATION

8.1 GENERALLY: A Director, officer, committee member, employee or other agent of the Association who is a party to or is threatened to be made a party to any proceeding (including a proceeding by or on behalf of the Association) because he is or was

a Director, officer, committee member, employee or agent of the Association shall be indemnified by the Association against all expenses and liabilities actually and reasonably paid or incurred in connection with the proceeding to the maximum extent permitted by the California Nonprofit Mutual Benefit Corporation Law. Terms used in this Article shall have the same meaning as in Section 7237 of the California Corporations Code.

8.2 APPROVAL: Upon written request to the Board by any person seeking indemnification, the Board shall promptly determine whether the applicable standard of conduct set forth in the California Nonprofit Mutual Benefit Corporation Law has been met. If so, the Board shall authorize indemnification. If the Board cannot authorize indemnification because more than fifty percent (50%) of the Directors are parties to the proceeding for which indemnification is sought, the Board shall promptly call a special meeting of Members. At the meeting, the Members shall determine whether the applicable standard of conduct set forth in the California Nonprofit Corporation Law has been met. If so, the Members shall authorize indemnification. Members or other persons seeking to be indemnified shall not be entitled to vote on the question of indemnification.

8.3 ADVANCING EXPENSES: Except as otherwise determined by the Board in a specific instance, expenses incurred by a Director, officer, committee member, employee or agent seeking indemnification under Section 8.1 shall be advanced by the Association prior to the final disposition of the proceeding upon receipt of an undertaking by or on behalf of the Director, officer, committee member, employee or agent to repay the amount unless it is ultimately determined that the person is entitled to be indemnified by the Association.

8.4 NON-LIABILITY OF OFFICIALS: To the fullest extent permitted by law, and except as may be limited by Section 7236 of the California Corporations Code, no Director, officer, or committee member, or the Board shall be liable to any Member, Owner, the Association or any other party for any damage, loss, claim, liability or prejudice suffered or claimed as a result of any decision, approval, disapproval, course of action, act, inaction, omission, error, or negligence which was (i) made in good faith and (ii) within which such person or entity reasonably believed to be the scope of his duties as a Director, officer or committee member.

ARTICLE IX CORPORATE REORGANIZATIONS

9.1 CONSOLIDATIONS AND MERGERS: To the extent permitted by law, the Association may participate in mergers and consolidations with other nonprofit corporations organized for the

same purposes as this Association, as long as any merger or consolidation is approved by (i) a majority of the Board and (ii) each class of Members.

9.2 DISSOLUTION OF INCORPORATED ASSOCIATION: If the Association as a corporate entity is dissolved, then without further action or notice, a nonprofit, unincorporated association shall be deemed formed which shall succeed to all the rights and duties of the Association. The affairs of the unincorporated association shall be governed by the laws of the State of California and, to the extent not inconsistent therewith, by the Project Documents as though they had been prepared for an unincorporated association.

ARTICLE X AMENDMENTS

10.1 PROCEDURE: Except as provided in the Declaration, these Bylaws may be amended by the approval of each class of Members.

10.2 RECORDS OF AMENDMENTS: Whenever an amendment or a new Bylaw is adopted, it shall be added in the appropriate place in the Association's minute book. If any Bylaw repeals any portion of these original Bylaws, either the date of the meeting at which the Bylaws or portion thereof was repealed or the date written consent was filed with the Secretary shall be stated therein.

ARTICLE XI CONFLICT

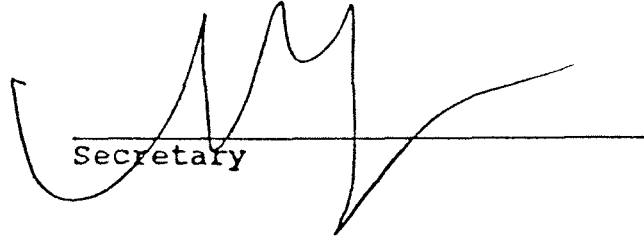
In the case of any conflict between the Articles and these Bylaws, the Articles shall control. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am duly elected and acting Secretary of CALIFORNIA VINTAGE OWNERS' ASSOCIATION, a California nonprofit mutual benefit corporation; and

That the foregoing Bylaws constitute the original Bylaws of the Association, as duly adopted by the Board thereof on the 12 day of February, 1990.


Secretary