

**BYLAWS
OF THE
LA PLAYA COURT
HOMEOWNERS' ASSOCIATION**

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**BYLAWS OF THE
LA PLAYA COURT
HOMEOWNERS' ASSOCIATION**

**ARTICLE 1
IDENTIFICATION**

Section 1.1. Name. The name of the Association is LA PLAYA COURT HOMEOWNERS' ASSOCIATION ("Association").

Section 1.2. Principal Office. The principal office of the Association is hereby fixed and located in the City of Los Angeles, County of Los Angeles, State of California, or at the nearest office of the management company, if any, retained by the Association.

Section 1.3. Bylaws and Applicability. The provisions of these Bylaws are applicable to the condominium project ("Project") known as La Playa Court which is located in Los Angeles County, California, and more particularly described in the Declaration of Establishment of Conditions, Covenants and Restrictions for La Playa Court ("Declaration") which has been, or will be, recorded in the Office of the County Recorder of Los Angeles County.

All present or future Owners, tenants, future tenants, or their employees, or any other person that might use the facilities of the Project in any manner, are subject to the regulations set forth in these Bylaws, and as the same may be amended from time to time as herein provided. The mere acquisition or rental of any of the Units of the Project or the mere act of occupancy of any of the Units or use of the Common Areas and facilities (as Owner, lessee, invitee or otherwise) will signify that these Bylaws are accepted, ratified, and will be complied with.

Section 1.4. Definitions. Each and every definition set forth in Article 1 of the Declaration shall have the same meaning in these Bylaws, as therein, and each and every such definition is incorporated by reference herein and made a part hereof.

**ARTICLE 2
MEMBERSHIP**

Section 2.1. Membership. Every person or entity who or which is an Owner of a fee or undivided fee interest in any Condominium which is subject by covenants of record to assessment by the Association shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest in a Condominium in the Project merely as security for the performance of an obligation.

Section 2.2. Voting Rights. The Association shall have two (2) classes of voting membership, as follows:

Class A. Class A Members shall be all Owners with the exception of the Declarant, and shall be entitled to one (1) vote for each Condominium owned. When more than one person

holds an interest in any Condominium, all such persons shall be Members. The vote for such Condominium shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Condominium.

Class B. The Class B Members shall be the Declarant, and shall be entitled to three (3) votes for each Condominium owned in the Project upon which Declarant is then paying the appropriate monthly assessments provided for hereinbelow. The Class B membership shall cease and be converted to Class A membership upon the happening of any of the following events, whichever occurs first:

(1) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

(2) Two (2) years from the date of the first conveyance of a subdivision interest in the Project.

Any provision in the Articles, Bylaws or the Declaration calling for membership approval of action to be taken by the Association except provisions with respect to the action to enforce the obligations of the subdivider under any completion bond, shall expressly require the vote or written assent of the prescribed percentage of each class of membership during the time that there are two (2) outstanding classes of membership. Any requirement elsewhere in the Articles of Incorporation, Bylaws, and Declaration, except with respect to the action to enforce the obligations of the subdivider under any completion bond, that the vote of the Declarant shall be excluded in any such determination, shall be applicable only if there has been a conversion of Class B Members to Class A Members, and the same shall be read as requiring the vote of the prescribed percentage of the Class A Members and the vote of the prescribed percentage of the Class A Members other than the Declarant.

Section 2.3. Voting. If more than one (1) party is record Owner of a Unit, the vote for that Unit shall be as decided by said parties between themselves. Such vote may be viva voce (spoken) or by written ballot; provided, however, that all elections for Directors must be by secret written ballot. If a quorum is present, except with respect to the election of Directors, the affirmative vote of the majority of each class of membership represented at the meeting and entitled to vote on such matters shall be deemed the act of the Members, unless the vote of a greater number is required by the Declaration, or the Bylaws. Every Member entitled to vote at any election for directors shall have the right to cumulate such Member's votes, provided no Member shall be entitled to cumulate votes for a candidate or candidates unless such candidate's name or candidates' names have been placed in nomination prior to the voting and the Member has given notice at the meeting prior to the voting of the Member's intention to cumulate votes. If any one Member has given such notice, all Members may cumulate their votes for candidates in nomination. Under cumulative voting, a Member may 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 such Member's interest is entitled, or distribute such Member's votes on the same principle among the various candidates as such Member may see fit. The candidates receiving the highest number of votes entitled to be voted for them, up to the number of directors to be elected, shall be elected. Unless the entire Board of Directors is removed from office by the vote of the Members of the Association, no individual member of the Board of Directors shall be removed prior to the expiration of such Board member's term of office if the number of votes cast against

such Board member's removal would be sufficient to elect the governing body member if voted cumulatively at an election at which the same total number of votes were cast and the entire number of governing body members authorized at the time of the most recent election of the governing body member were then being elected. If any or all of the directors are so removed, new directors may be elected at the same meeting.

So long as the majority of voting power resides in the Declarant, no less than twenty percent (20%) of the incumbents on the Board of Directors shall have been elected solely by the votes of the Owners other than the Declarant.

A director who has been elected to office solely by the votes of Members of the Association other than the Declarant, may be removed from office prior to the expiration of such director's term of office only by the vote of at least a simple majority of the voting power residing in Members other than the Declarant.

Section 2.4. Vesting of Voting Rights. The voting rights attributed to any given Condominium in the Project as provided for herein, shall not vest until the assessments provided for hereinbelow have been levied by the Association as against said Condominium.

Section 2.5. Transfer. The Association membership held by any Owner of a Condominium shall not be transferred, pledged, or alienated in any way, except upon the sale or encumbrance of such Condominium. In the event of such sale or encumbrance, the Association membership may only be transferred, pledged or alienated to a bona fide purchaser of the Condominium, or to the Mortgagee (or third-party purchaser) of such Condominium upon a foreclosure sale. Any attempt to make a prohibited transfer is void, and will not be reflected upon the books and records of the Association.

Section 2.6. Voting Procedures. The Association shall comply with the rules relating to voting and election procedures set forth in Article 11 below, in accordance with the provisions and requirements of California Civil Code Section 1363.03. The Association is prohibited from using any Association funds for any campaign purposes as set forth in California Civil Code Section 1363.04.

ARTICLE 3 MEETINGS OF MEMBERS

Section 3.1. Place of Meetings. All annual or other meetings of Members shall be held within the Project or at a meeting place as close thereto as possible. Member meetings shall not be held outside of the county in which the Project is situated, unless necessitated by unusual conditions.

Section 3.2. Annual Meetings. The first meeting of the Association will be held no later than forty-five (45) days after the closing of the Condominium which represents the fifty-first (51st) percentile interest authorized for sale under the Final Subdivision Public Report for this Project, provided that the Final Subdivision Public Report authorizes the sale of fifty (50) subdivision interests or more on the Project. However, in no event shall the meeting be held later than six (6) months after the closing of the sale of the first subdivision interest without regard to the number of subdivision interests authorized for sale in the first Final Subdivision Public Report. At the

said first meeting, the Members of the Association shall elect a Board of Directors to govern the Association. Thereafter, Member meetings will be held on an annual basis on the third Thursday in January of each succeeding year at eight o'clock post meridian (8:00 p.m.), provided, however, that should that day fall upon a legal holiday, then such meeting of Members shall be held at the same time and place on the next day thereafter ensuing which is a full business day. At such meetings, directors shall be elected, reports of the affairs of the Association shall be considered, and any other business may be transacted which is within the powers of the Members of the Association.

Written notice of each annual meeting shall be given to each Member entitled to vote and to Declarant (for a period of ten (10) years after the close of escrow for the sale of the last Unit in the Project covered by a Final Subdivision Public Report), either personally or by mail or by other means of written communications, charges prepaid, addressed to such Member at such Member's address appearing on the books of the Association or given by such Member to the Association for the purpose of notice. If any notice or report addressed to the Member at the address of such Member appearing on the books of the Association is returned to the Association by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver the notice or report to the Member at such address, all future notices or reports shall be deemed to have been duly given without further mailing if the same shall be available for the Member upon written demand of the Member at the principal office of the Association for a period of one year from the date of the giving of the notice or report to all other Members.

All such notices shall be given to each Member and Declarant (for a period of ten (10) years after the close of escrow for the sale of the last Unit in the Project covered by a Final Subdivision Public Report) entitled thereto not less than ten (10) days nor more than ninety (90) days before each annual meeting. Any such notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by other means of written communication. An affidavit of mailing of any such notice in accordance with the foregoing provisions, executed by the secretary, assistant-secretary or any transfer agent of the Association shall be prima facie evidence of the giving of such notice.

Such notices shall specify:

- (a) the place, the date, and the hour of such meeting;
- (b) those matters which the Board, at the time of the mailing of the notice, intends to present for action by the Members; and
- (c) if directors are to be elected, the names of nominees intended at the time of the notice to be presented by management for election.

Section 3.3. Special Meetings. Special meetings of the Members, for the purpose of taking any action permitted by the Members under the California Nonprofit Mutual Benefit Corporation Law, the Davis-Stirling Act and the Articles of Incorporation of this Association, shall be promptly called in response to the vote of a majority of a quorum of the Board of Directors, or the receipt of a written request therefor signed by Members representing at least five percent (5%) of the total voting power of the Association. Notice of the meeting shall be given no less than ten (10) days and no more than ninety (90) days prior to such meeting. In addition to the

matters required by items (a) and, if applicable, (c) of the preceding Section, notice of any special meeting shall specify the general nature of the business to be transacted, and no other business may be transacted at such meeting.

Section 3.4. Quorum. The presence in person or by proxy of Owners holding at least fifty-one percent (51%) of the voting power of the membership shall constitute a quorum for the transaction of business at all meetings. In the absence of a quorum at a Member's meeting, a majority of those present in person or by proxy may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum shall be to a date not less than five (5) days and not more than thirty (30) days from the original meeting date. The quorum for such a meeting shall be at least twenty-five percent (25%) of the total voting power of the Association, present in person or by proxy. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings.

Section 3.5. Proxies. Every person entitled to vote or execute consents shall have the right to do so either in person or by one or more agents authorized by a written proxy executed by such person or such person's duly authorized agent and filed with the secretary of the Association. Any proxy duly executed is not revoked and continues in full force and effect until: (i) an instrument revoking it or a duly executed proxy bearing a later date is filed with the secretary of the Association prior to the vote pursuant thereto; or (ii) the person executing the proxy attends the meeting and votes in person, provided that no such proxy shall be valid after the expiration of thirty (30) days from the date of its execution, unless the person executing it specifies therein the length of time for which such proxy is to continue in force.

Section 3.6. Adjourned Meeting and Notice Thereof. Any Members' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the Members, the holders of which are either present in person or represented by proxy thereat, but in the absence of a quorum no other business may be transacted at such meeting.

When any Members' meeting, either annual or special, is adjourned for reasons other than the absence of a quorum, for forty-five (45) days or more, or if after adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given as in the case of an original meeting. Except as provided above, it shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted thereat, other than by announcement of the time and place thereof at the meeting at which such adjournment is taken.

Section 3.7. Validation of Defectively Called or Noticed Meetings. The transaction of 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 the meeting, each of the persons entitled to vote, not present in person or by proxy, or who though present, has, at the beginning of the meeting, properly objected to the transaction of any business because the meeting was not lawfully called or convened, or to particular matters of business legally required to be included in the notice, but not so included, signs a written waiver of notice, or a written consent to the holding of such

meeting, or gives written approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the Association records or made a part of the Minutes of the meeting.

Section 3.8. Action Without A Meeting. Any action which may be taken by the vote of Members at a regular or special meeting, except the election of governing body Members where cumulative voting is a requirement, may be taken without a meeting if done in compliance with the provisions of Section 7513 of the California Corporations Code.

Section 3.9. Ballots. Any form of proxy or written ballot distributed by any person to the membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon. It shall not be mandatory that a candidate for election to the Board 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 who is authorized to exercise the proxy and the length of time it will be valid.

ARTICLE 4 BOARD OF DIRECTORS

Section 4.1. Powers. Subject to limitations of the Declaration and of the California Nonprofit Mutual Benefit Corporation Law as to action to be authorized or approved by the Members, and subject to the duties of directors as prescribed by the Bylaws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the directors. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the directors shall have the following powers, to wit:

First - Enforce the provisions of the Declaration, Bylaws, and Rules and Regulations of the Association as well as any agreement of the Association;

Second - Adopt and publish Rules and Regulations governing use of the Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

Third - Fix, levy and enforce the collection of annual and special assessments in accordance with the Declaration;

Fourth - Suspend the voting rights and right to use the recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, as so provided in Section 7341 of the California Corporations Code, for a period not to exceed thirty (30) days, for the infraction of published rules and regulations;

Fifth - Impose monetary penalties upon Owners as a disciplinary measure (1) for failure of an Owner to comply with the Bylaws and the Declaration, or (2) as a means of reimbursing the Association for costs incurred by the Association in the repair of damages to Common Areas

and facilities for which the Owner is allegedly responsible, or (3) to bring an Owner or its Condominium into compliance with the Declaration or Bylaws.

Sixth - Exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, or the Declaration;

Seventh - Employ a manager, independent contractors, or such other employees as they deem necessary, and to prescribe their duties and compensation;

Eighth - Contract and pay for maintenance, gardening, materials and supplies, and services for the care and upkeep of the Common Areas and facilities;

Ninth - Contract and pay for all gas, water and electric utilities to the Project which are not metered at each individual Unit;

Tenth - Contract and pay for fire, casualty, liability and other insurance insuring the Project and Owners (without limiting any Owner's right to provide such further insurance as such Owner may desire);

Eleventh - Pay taxes and special assessments which are or would become a lien on the entire Project or Common Areas;

Twelfth - Enter into any Unit when necessary, in connection with the maintenance or construction for which the Association is responsible;

Thirteenth - To borrow money and incur indebtedness for the purposes of the Association, and to cause to be executed and delivered therefor, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor, pursuant to a vote or written consent therefor from a majority of the Members of the Association, excluding the vote of the Declarant;

Fourteenth - The Board of Directors of the Association shall ordinarily be prohibited from taking any of the following actions, except with the assent, by vote at a meeting of the Association or by written ballot without a meeting pursuant to California Corporations Code Section 7513, of a simple majority of the Members, other than Declarant, constituting a quorum consisting of more than fifty percent (50%) of the voting power of the Association residing in Members other than the Declarant:

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

(i) A contract with a public utility company 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;

(ii) Prepaid casualty and/or liability insurance policies of not to exceed three (3) years duration provided that the policy permits for short rate cancellation by the insured;

(iii) Lease agreements for laundry room fixtures and equipment of not to exceed five (5) years duration provided the lessor under the agreement is not an entity in which the Declarant has an ownership interest;

(iv) Agreements for cable television services and equipment or satellite dish television services and equipment of not to exceed five (5) years duration provided that the supplier is not an entity in which the Declarant has a direct or indirect ownership interest of ten percent (10%) or more;

(v) Agreements for sale or lease of burglar alarm and fire alarm equipment, installation and services of not to exceed five (5) years duration provided that the supplier or suppliers are not entities in which the Declarant has a direct or indirect ownership of ten percent (10%) or more; or

(vi) A contract for a term not to exceed three (3) years that is terminable by the Association after no longer than one (1) year without cause, penalty or other obligation upon ninety (90) days written notice of termination to the other party.

(b) Incurring aggregate expenditures for capital 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;

(c) Selling during any fiscal year 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;

(d) Paying compensation to Members of the Board of Directors or to officers of the Association for services performed in the conduct of the Association's business provided, however, that the Board may cause a Member or officer to be reimbursed for expenses incurred in carrying on the business of the Association;

(e) Filling of a vacancy on the Board of Directors created by the removal of a director; or

(f) Under no circumstances may the Association cause a forfeiture of an Owner's right to use and enjoy such Owner's Condominium for failure of a Member to comply with provisions of these Bylaws, the Declaration, or the Rules and Regulations of the Association, except (1) by judgment of a court or decision arising out of arbitration, or (2) on account of a foreclosure or sale under a power of sale for failure of the Owner to pay assessments duly levied by the Association, as set forth in Article 8 hereof.

Fifteenth - By resolution adopted by a majority of the authorized number of directors, to designate an executive and other committee, to consist of two (2) or more directors and/or Members, to serve at the pleasure of the Board. Unless the Board of Directors shall otherwise

prescribe the manner of proceedings of any such committee, meetings of such committee will be regularly scheduled in advance or called at any time by any two (2) Members thereof; otherwise, the provisions of these Bylaws with respect to notice and conduct of meetings of the Board shall govern. Any such committee, to the extent provided in a resolution of the Board, shall have all of the authority of the Board, except with respect to:

(1) The approval of any action for which the Nonprofit Mutual Benefit Corporation Law, or the Declaration also requires Member approval;

(2) The filling of vacancies on the Board or in any committee;

(3) The adoption, amendment or repeal of Bylaws;

(4) The amendment or repeal of any resolution of the Board;

(5) Any reassessment of Member fees and charges; and

(6) The appointment of other committees of the Board or the Members thereof.

Section 4.2. Duties. It shall be the duty of the Board of Directors to:

First - Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at each annual meeting of the Members, or at any special meeting when such statement is requested in writing by at least twenty-five percent (25%) of the Members of the Association;

Second - Supervise all officers, agents and employees of this Association and see that their duties are properly performed;

Third - Procure and maintain adequate liability and hazard insurance on property owned by the Members of the Association;

Fourth - The Board of Directors shall require that all directors, officers, and employees of the Association handling or responsible for Association funds shall be covered by a fidelity bond in an amount at least equal to the sum of three months' assessments on all Units in the Project. The premium on such bond shall be paid by the Association.

Fifth - Cause the Common Area, sewer mains and laterals, and fences bounding the Project to be maintained at all times;

Sixth - Cause the exterior of the building and related improvements situated within the Project to be maintained as set forth in the Declaration;

Seventh - Do any act directed by the majority of the Owners, unless such act is contrary to the Declaration and these Bylaws;

Eighth - In addition to duties imposed by these Bylaws, be responsible for such other duties which may be imposed by resolutions adopted by the Association at meetings called for the purpose; and

Ninth - Employ, for the Association, a management agent at a compensation established by the Board to perform such duties and services as the Board shall authorize, including but not limited to, the duties listed in Paragraphs Fifth and Sixth of this Article.

Section 4.3. Number and Qualifications of Directors. The authorized number of directors shall be three (3) until changed by amendment of the Articles of Incorporation, Declaration, or Bylaws; provided that a proposal to reduce the authorized number of directors below three (3) cannot be adopted if the votes cast against its adoption at a meeting, or the Members not consenting in the case of action by written consent, are equal to more than sixteen and two-thirds percent (16-2/3%) of the outstanding memberships.

Section 4.4. Election and Term of Office. At the first annual meeting of members, three (3) directors shall be elected for staggered terms as provided herein. The candidate with the most votes shall be elected for a term of three (3) years; the candidate with the second most votes shall be elected for a term of two (2) years, and the candidate with the third most votes shall be elected for a term of one (1) year. Upon the expiration of each director's initial term of office, each successor director shall be elected for a three (3) year term thereafter. If any such annual meeting is not held or the directors are not elected thereat, the directors may be elected at any special meeting of Members for that purpose. All directors shall hold office until their respective successors are elected, subject to the Nonprofit Mutual Benefit Corporation Law and the provisions of these Bylaws with respect to vacancies on the Board.

Section 4.5. Vacancies. A vacancy on the Board of Directors shall be deemed to exist in case of (i) the death, resignation or removal of any director, (ii) a director having been declared of unsound mind by order of court or convicted of a felony, (iii) a decision to increase the authorized number of directors, or (iv) failure of the Members to elect the full authorized number of directors to be voted for at any annual or special meeting of Members at which any director or directors are to be elected.

4.5.1 Except for directors appointed by the Declarant, the Board, by a majority vote of the directors who meet all of the required qualifications to be a director, may declare vacant the office of any director who commits any of the following acts:

(a) Fails to attend three (3) consecutive regularly scheduled meetings of the Board or fails to attend more than six (6) meetings of the Board, regular or special, within any twelve (12) month period;

(b) Fails to comply with a duly approved action of the Board;

(c) Fails to comply with the Association's governing documents having been provided proper notice and received a hearing on the matter at which the Board determines that a violation exists;

(d) Falls more than three (3) months in arrears in the payment of monthly assessments;

(e) Receives any type of money gain or other gain such as services, products, gifts or gratuities of a significant value, which have been provided in relation to a director's service on the Board, and which is not disclosed. Disclosure must take place at an open meeting of the Board and be recorded in the minutes. Compensation for services duly approved by the Board and unrelated to duties as a director or officer of the Association, or reimbursement of expenses associated with service to the Members do not constitute unethical or detrimental behavior and is permissible;

(f) Takes any action considered to be grossly detrimental to the general safety, health and welfare of the Association and its Members; or

(g) Addresses fellow directors with abusive language in a harmful or offensive manner. Abusive language is any language which causes humiliation and intimidation; or inflicts ridicule, coercion, threats, mental abuse or other language of a punitive nature; or in which prejudicial or grossly profane language is used.

4.5.2 Vacancies on the Board of Directors, except for a vacancy created by the removal of a director, may be filled by a majority vote of the remaining directors, though less than a quorum, or by a sole remaining director, and each director so elected shall hold office until such director's successor is elected at an annual or a special meeting of the Members. A vacancy on the Board of Directors created by the removal of a director by the Board may only be filled after obtaining the vote of a majority of the Members, excluding the vote of the Declarant.

4.5.3 The Members may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors. Any such election shall require the consent of the holders of a majority of the outstanding memberships.

4.5.4 Any director may resign effective upon giving written notice to the president, the secretary or the Board of Directors of the Association, unless the notice specifies a later time for the effectiveness of such resignation. If the Board of Directors accepts the resignation of a director tendered to take effect at a future time, the Board or the Members shall have power to elect a successor to take office when the resignation is to become effective.

4.5.5 No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of this term of office.

Section 4.6. Place of Meeting. All meetings of the Board of Directors shall ordinarily be held within the Project, unless same is impractical, in which case meetings shall be held as close as reasonably possible to the Project in the Board of Director's discretion.

Section 4.7. Organization Meeting. Immediately following each annual meeting of Members, the Board of Directors shall hold a regular meeting at the place of said annual meeting for the purpose of organization, election of officers, and the transaction of other business. Call and notice of such meetings are hereby dispensed with.

Section 4.8. Other Regular Meetings. Other regular meetings of the Board of Directors shall be held no less frequently than quarterly, without call at a place within the Project and at a time designated by the newly elected Board of Directors. Notice of all such regular meetings of the Board of Directors shall be posted at a prominent place or places in the Common Area, and shall be communicated to each director and to Declarant (for a period of ten (10) years after the close of escrow for the sale of the last Unit in the Project covered by a Final Subdivision Public Report), not less than four (4) days prior to the meeting; provided, however, that notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting. If the Common Area consists only of an easement or is otherwise unsuitable for posting of such notice, the governing body shall communicate the notice of the time and place of such meeting by mail or delivery of the notice to each unit in the development, or by newsletter or similar means of communication. With respect to the Board, the term "meeting" shall include any congregation of a majority of the members of the Board at the same time and place to hear, discuss or deliberate upon any item of business scheduled to be heard by the Board, except those matters that may be discussed in Executive Session.

Section 4.9. Special Meetings. Special meetings of the Board of Directors for any purpose or purposes shall be called at any time by the president of the Board, or by any two (2) directors other than the president if there are circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board, and which of necessity make it impractical to provide notice as required by Section 4.8 above.

Written notice of the time and place of special meetings shall be delivered personally to each director and to Declarant (for a period of ten (10) years after the close of escrow for the sale of the last Unit in the Project covered by a Final Subdivision Public Report) or communicated to each director by telephone, or by telegraph or mail, charges prepaid, addressed to such director at such director's address as it is shown upon the records of the Association or, if it is not so shown on such records or is not readily ascertainable, at the place at which the meetings of the directors are regularly held. Such notice shall be deposited in the United States mail or delivered to the telegraph company, or given personally or by telephone, at least seventy-two (72) hours prior to the time of the holding of the meeting. In addition to any one of the hereinabove described methods for providing notice, notice must also be posted in a prominent place or places in the Common Area not less than seventy-two (72) hours prior to the scheduled time of the meeting. Such mailing, telegraphing, posting or delivery, personally or by telephone, as above provided, shall be due, legal and personal notice to such director.

Regular and special meetings of the Board of Directors shall be governed by the provisions of Section 1363.05 of the California Civil Code. Any matter discussed in Executive Session shall be generally noted in the minutes of the Board. The Board of Directors shall permit any Member and Declarant (for a period of ten (10) years after the close of escrow for the sale of the last Unit in the Project covered by a Final Subdivision Public Report) to speak at any meeting of the Association or the Board, except for meetings of the Board held in Executive Session. A reasonable time limit for all Members to speak to the Board or before a meeting of Members shall be established by the Board.

Any notice shall state the date, place and hour of the meeting and the general nature of the business to be transacted, and no other business may be transacted at that meeting.

Section 4.10. Action Without Meeting. Any action by the Board of Directors may be taken without a meeting if all Members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board and shall have the same force and effect as a unanimous vote of such directors. Any action so taken by the Board shall be posted in a prominent place within the Common Area within three (3) days after all of the written consents have been obtained. If the Common Area consists only of an easement or is otherwise unsuitable for posting the explanation of the action taken, the governing body shall communicate said explanation by any means it deems appropriate.

Section 4.11. Action at a Meeting; Quorum and Required Vote. Presence of a majority of the authorized number of directors at a meeting of the Board of Directors constitutes a quorum for the transaction of business, except as hereinafter provided. Members of the Board may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another. Participation in a meeting as permitted in the preceding sentence constitutes presence in person at such meeting. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, unless a greater number, or the same number after disqualifying one or more directors from voting, is required by law, by these Bylaws, or the Declaration. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of a director, provided that any action taken is approved by at least a majority of the required quorum for such meeting.

Section 4.12. Validation of Defectively Called or Noticed Meetings. The transactions of 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 is present and if, either before or after the meeting, each of the directors not present or who, though present, has prior to the meeting or at its commencement, protested the lack of proper notice to such director, signs a written waiver or notice or a consent to holding such meeting or approves the minutes thereof. All such waivers, consents or approvals shall be filed with the Association records or made a part of the minutes of the meeting.

Section 4.13. Adjournment. A quorum of the directors may adjourn any directors' meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the directors present at any directors' meeting, either regular or special, may adjourn such meeting until the time fixed for the next regular meeting of the Board.

Section 4.14. Notice of Adjournment. If the meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of adjournment. Otherwise notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place be fixed at the meeting adjourned.

Section 4.15. Fees and Compensation. No director nor member of any committee which may be formed to assist the Board shall receive compensation. However, any director or member of a committee may be reimbursed for the actual expenses incurred in the performance of such person's duties.

ARTICLE 5 OFFICERS

Section 5.1. Officers. The principal officers of the Association shall be a president, vice-president, a secretary and a treasurer, all of whom shall be elected by and from the Board of Directors. The directors may appoint an assistant-secretary, and such other officers as in their judgment may be necessary. Any person may hold more than one (1) office except that the same person cannot be president and secretary.

Section 5.2. 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, at the organization meeting, and each shall hold such office until a successor shall be elected and qualified, or such officer shall be disqualified.

Section 5.3. Subordinate Officers, Etc. The Board of Directors may appoint, and may empower the president to 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 the Bylaws or as the Board of Directors may from time to time determine.

Section 5.4. Removal and Resignation. Any officer may be removed, either with or without cause, by a majority vote of the members of the Board of Directors, at any regular or special meeting thereof and such officer's successor elected.

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, without prejudice however, to the rights, if any, of the Association under any contract to which such officer is a party. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5.5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the Bylaws for regular appointments to such office.

Section 5.6. 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 shall preside at all meetings of the Members and, at all meetings of the Board of Directors. The president shall be ex officio a member of all the standing committees, if any, and shall have the general powers and duties of management usually vested in the officer of president of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or the Bylaws.

Section 5.7. Vice-President. In the absence or disability of the president, the vice-president designated by the Board of Directors, 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 president. The vice-president shall have such other powers and perform such other duties as from time to time may be prescribed by the Board of Directors or the Bylaws.

Section 5.8. Secretary. The secretary shall record or cause to be recorded, and shall keep or cause to be kept, at the principal executive office and such other place as the Board of Directors may order, a Book of Minutes of actions taken at all meetings of directors and members with the time and place of holding, whether regular or special, and, if special, how authorized, the notice thereof given, the names of those present at directors' meetings, the number of members present or represented at members' meetings, and the proceedings thereof.

The secretary shall keep, or cause to be kept, at the principal executive office a membership register, or a duplicate membership register, showing the names of the Members and their addresses.

The secretary shall give, or cause to be given, notice of all the meetings of the Members and of the Board of Directors required by the Bylaws or by law to be given. The secretary 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 by the Bylaws.

Section 5.9. Treasurer. The treasurer shall be the chief financial officer of the Association and shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the property and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital and surplus. Any surplus, including earned surplus, paid-in surplus and surplus arising from a reduction of stated capital, shall be classified according to source and shown in a separate account. The books of account shall at all reasonable times be open to inspection by any director.

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. The treasurer 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 transactions conducted as treasurer and of the financial condition of the Association and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

ARTICLE 6 RULES AND REGULATIONS

Section 6.1. Adoption. The Board of Directors shall have the power to adopt reasonable Rules and Regulations that are not inconsistent with the Declaration and that are subject to California Civil Code Sections 1357.100 et seq. regarding "operating rules" for governing the conduct of the Members in the use of the Common Areas.

Section 6.2. Amendment. Any amendment to or repeal of any of the Rules and Regulations and notice thereof to Members shall comply with California Civil Code Sections 1357.100 et seq. regarding "operating rules."

6.2.1 The Board shall provide written notice of a proposed rule change to the Members at least thirty (30) days before making the rule change. The notice shall include the text of the proposed rule change and a description of its purpose and effect. Notice is not required under

this Article if the Board determines that an immediate rule change is necessary to address an imminent threat to public health or safety or imminent risk of substantial economic loss to the Association; and, in such event, the Board may make an emergency rule change. An emergency rule change is effective for a period of one hundred twenty (120) days, unless the rule change provides for a shorter effective period. An emergency rule change may not be readopted again as an emergency rule change without notice.

6.2.2 A decision on a proposed rule change shall be made at a meeting of the Board of Directors, after consideration of any comments made by Association members.

Section 6.3. Publication. As soon as possible, but not more than fifteen (15) days after making a rule change, the Board shall deliver notice of the rule change by regular U.S. Mail to every Member. If the rule change was an emergency rule change made under Section 6.2.1, the notice shall include the text of the rule change, a description of its purpose and effect, and the date that the rule change expires.

Section 6.4. Reversing a Rule Change.

6.4.1 Members of an association owning five percent (5%) or more of the separate interests may call a special meeting of the Members to reverse a rule change, other than an emergency rule change.

6.4.2 A special meeting of the Members may be called in conformity with Section 3.3 herein, provided that the written request delivered to the Board by the Members as provided in Section 3.3 is delivered to the Board within thirty (30) days after the Members are notified of the rule change.

6.4.3 The rule change may be reversed by the affirmative vote of a majority of a quorum voting at a duly held meeting of Members at which a quorum is present. In lieu of calling the special meeting described in this Section, the Board may distribute a written ballot to every Member as provided in Section 3.9 herein.

6.4.4 A rule change reversed under this section may not be readopted for one year after the date of the meeting reversing the rule change. Nothing in this section precludes the Board from adopting a different rule on the same subject as the rule change that has been reversed.

6.4.5 Not more than fifteen (15) days after the meeting, the Board shall give written notice of the results of a Member vote to every Association member.

Section 6.5. Access. Members shall have the same access to the Rules and Regulations pursuant to California Civil Code Section 1363(f) as they have to the accounting books, records, and minutes of the Association pursuant to Section 9.1 below.

Section 6.6. Violations. Violation of the Rules and Regulations shall be grounds for temporary suspension of the membership and/or privileges, by the Board of Directors, after notice has been given to the offending Member and a reasonable opportunity to be heard was afforded.

ARTICLE 7 COMMITTEES

Section 7.1. Committees. The Association shall appoint an Architectural Control Committee, as provided in the Declaration. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE 8 ASSESSMENTS

Section 8.1. **Assessments.** As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of such Owner's Unit.

This Article 8 shall not apply to monetary penalties imposed by the Association as a disciplinary measure (1) for failure of an Owner to comply with the Bylaws and the Declaration, or (2) to bring an Owner or its Condominium into compliance with the Declaration or Bylaws.

Section 8.2. **Monetary Penalties.** If any policy is adopted imposing a monetary penalty, including any fee, on any Member for a violation of the Declaration, the Articles, Bylaws or Rules and Regulations of the Association, including any monetary penalty relating to the activities of a guest or invitee of a Member, the Board shall adopt and distribute to each Member by personal delivery or first class mail, a schedule of the monetary penalties that may be assessed for those violations, which shall be in accordance with authorization for Member discipline contained in these Bylaws or the Declaration. The Board of Directors may adopt said guidelines as part of the Association's Rules and Regulations. The Board shall not be required to distribute any additional schedule of monetary penalties unless there are changes from the schedule that was adopted and distributed.

Section 8.3. **Procedure for Imposition of Monetary Penalties and Member Discipline.** The imposition of monetary penalties and Member discipline by the Association shall be governed by the following provisions:

(a) In accordance with the provisions of California Corporations Code Section 7341, the accused Owner shall be given notice and an opportunity to be heard with respect to the alleged claim and/or non-compliance giving rise to potential imposition of monetary penalties or other form of discipline.

(b) The Board of Directors of the Association shall meet in executive session if requested by the accused Owner, or at the direction of the Board of Directors, and the accused

Owner shall be entitled to attend the executive session in accordance with California Civil Code section 1363.05(b).

(c) Any Owner subject to discipline shall be provided at least fifteen (15) days' prior notice of any intended expulsion, suspension, or termination of membership and/or imposition of any such monetary penalty, and the reasons for such action. Notice to the accused Owner may be given by any method reasonably calculated to provide actual notice. Any notice given by mail to the Owner will be mailed by first class or registered mail sent to the last address of the Owner shown on the Association's records.

(d) The Association shall provide an opportunity for the Owner subject to discipline to be heard, orally or in writing, not less than five (5) days before the effective date of the Owner's expulsion, suspension or termination of membership and/or not less than five (5) days before the imposition of a monetary penalty.

ARTICLE 9 MISCELLANEOUS

Section 9.1. Inspection of Association's Books, Records and Minutes. Association Records, as defined in the Declaration and Section 1365.2 of the California Civil Code, shall be made available for inspection and copying by any Member of the Association, or by any Member's duly appointed representative, at any reasonable time and for a purpose reasonably related to such Member's interest as a Member, at the office of the Association or at such other place as may be agreed upon by the Member and the Board of Directors. Association Records must be made available for Member inspection and copying for the current fiscal year and the previous two (2) fiscal years. Minutes of Member and Board meetings must be made permanently available. Copies of current Association Records must be available within ten (10) business days of receipt of the request for current Association Records or within thirty (30) calendar days of receipt of the request for Association Records prepared during the prior two (2) fiscal years. If the Association and the Member cannot agree upon a place for inspection, or if the Member so requests in writing, the Association may provide copies of the books, records, and minutes by first-class mail within ten (10) days of receiving the Member's request. Requesting parties shall have the option of receiving specifically identified records by electronic transmission or machine-readable storage media as long as those records can be transmitted in a redacted format that does not allow the records to be altered. The cost of duplication shall be limited to the direct cost of producing the copy of a record in that electronic format. The Association may deliver specifically identified records by electronic transmission or machine-readable storage media as long as those records can be transmitted in a redacted format that prevents the records from being altered. The Association may bill the Member for the actual cost of copying and mailing, provided the Association notifies the Member of the costs before sending the copies. The Association may withhold or redact information from the books, records, and minutes for any of the following reasons:

(a) The release of the information is likely to lead to the unauthorized use of another person's personal identifying information to obtain credit, goods, services, money, or property;

(b) The release of the information is likely to lead to fraud in connection with the Association;

(c) The information is privileged under law;

(d) The release of information is likely to compromise the privacy of an individual Member; or

(e) The information contains any of the following: (i) Records of a-la-carte goods or services provided to Member for which the Association received monetary consideration other than assessments; (ii) records of disciplinary actions, collection activities, or payment plans of Members other than the Member requesting the records; (iii) Any person's personal identification information, including, without limitation, social security number, tax identification number, driver's license number, credit card account numbers, bank account number, and bank routing number; (iv) agendas, minutes, and other information from executive sessions of the board of directors as described in California Civil Code Section 1363.05, except for executed contracts not otherwise privileged. Privileged contracts shall not include contracts for maintenance, management, or legal services; (v) personnel records other than the payroll records required to be provided; and (vi) interior architectural plans, including security features, for individual homes.

Except as provided by attorney-client privilege, the Association may not withhold or redact information concerning the compensation paid to employees, vendors, or contractors. Compensation information for individual employees shall be set forth by job classification or title, not by any personal information of the employee. The accounting books, records, and minutes, and any information from them may not be sold, used for commercial purposes, or used for any other purpose not reasonably related to a Member's interest as a Member.

The Association, officers, directors, employees, agents or volunteers of the Association shall not be liable for damages to a Member or any third party as the result of identity theft or other breach of privacy because of the failure to withhold or redact that Member's information under this subdivision unless the failure to withhold or redact the information was intentional, willful, or negligent.

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 right to make extracts and copies of documents.

Section 9.2. Checks, Drafts, Etc. All checks, drafts or other order for payment of money, notes or other evidences or indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

Section 9.3. Annual and Other Reports. An annual report, pro forma operating statement (budget) and other reports and statements shall be prepared and distributed to the Members as provided in Article 17 of the Declaration.

Section 9.4. Contracts, etc., How Executed. The Board of Directors, except as otherwise provided in the Bylaws, 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 render it liable for any purpose or to any amount.

Section 9.5. Inspection of Bylaws. The Association shall keep in its principal executive office, (or otherwise provide upon written request of any Member) the original or a copy of the Bylaws as amended or otherwise altered to date, certified by the secretary, which shall be open to inspection by the Members at all reasonable times during office hours.

Section 9.6. Construction and Definitions. Unless the context otherwise requires, the general provisions, rules of construction and definitions contained in the Declaration and in the California Nonprofit Mutual Benefit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the foregoing, the masculine gender includes the feminine and neuter, the singular number includes the plural and the plural number includes the singular, and the term "person" includes a corporation as well as a natural person.

ARTICLE 10 AMENDMENTS

Section 10.1. Requirements. So long as the two-class voting structure provided for herein shall remain in effect, these Bylaws may be amended only by the vote or written assent of at least fifty-one percent (51%) of the voting power of each class of Members. At such time as the Class B membership shall cease and be converted to Class A membership, amendments to these Bylaws shall be enacted by requiring the vote or written assent of:

(1) At least two-thirds (2/3) of a quorum of the Members of the Association; and

(2) At least fifty-one percent (51%) of the votes of Members other than the Declarant.

Notwithstanding the foregoing, the percentage of a quorum of the Members or of the votes of Members other than the Declarant necessary to amend a specific provision in these Bylaws shall not be less than the prescribed percentage of affirmative votes required for action to be taken under said provisions.

ARTICLE 11 ELECTION RULES AND PROCEDURES

Section 11.1. Equal Access.

11.1.1 If, in the course of an election campaign for a position on the Board, any candidate or Member advocating a point of view is provided access to a form of media

(including, but not limited to, newsletters and Internet web sites) that is owned or entirely run by and for the Association, for a purpose that is reasonably related to that election, equal access shall be provided to all candidates and Members of the Association for the same purpose ("*Equal Access*").

(a) Equal Access, as described above in this Section, shall also apply to Members and candidates not endorsed by the current Board, and shall be for the purpose of advocating a point of view reasonably related to the election.

(b) The Association shall not edit or redact any content from the presentation of the points of view described in this Section, to the extent that such content does not violate any provision in the Declaration, Bylaws or Rules and Regulations promulgated by the Board, or any applicable State, Federal or local laws, but may include a statement specifying that the candidate or Member, and not the Association, is responsible for the content of such point of view. The Association's Officers, directors and agents shall not be held liable for such points of view.

(c) The Association shall give all candidates, including those candidates who are not incumbents, and those who are not endorsed by the Board, Equal Access to the Common Area meeting area (i.e., time and space available for such candidate's use), if any, to present a point of view reasonably related to the upcoming election.

(d) The Association shall not charge candidates a fee for access to the Common Area meeting area for the purposes described in this Section.

Section 11.2. Qualifications and Procedures for Nomination of Candidates.

11.2.1 Eligible Candidates. A Member is eligible to be nominated or to nominate himself or herself for a position on the Board if such Member: (a) is a Member of the Association not currently subject to provisions in the Declaration regarding the nonpayment of assessments; (b) has paid the first month's assessments, as provided for in the Declaration, levied against such Member's Unit; (c) has closed escrow on the Unit not less than sixty (60) days prior to the date on which the first ballot is mailed or solicited from Members for voting purposes; (d) is aged eighteen (18) years or older.

11.2.2 Members Eligible to Nominate Candidates. All Members eligible to vote in the forthcoming election are eligible to nominate another eligible Member or himself or herself as a candidate for the Board.

11.2.3 Nomination of Candidates. Provided that a Member seeking candidacy for a position on the Board satisfies the eligibility requirements set forth in Section 11.2.1 above, such Member may be nominated or nominate himself or herself by the following procedures:

(a) Nominations for Board candidates may be submitted in writing and deposited in a receptacle designated by the current Board or mailed to the Secretary or the management company of the Association, whichever the Board decides, not less than thirty (30) days prior to the mailing or distribution of ballots for the election of new Board members. Members shall not be prohibited from nominating himself or herself for any Board position and any attempt to prevent a Member's self-nomination shall be invalidated.

(b) After collecting all properly submitted nominations, the current Board shall issue a list of the prospective candidates, having confirmed that each nominated person is eligible under Section 11.2.1, and contact each of the qualified Members on that list to confirm such Members' acceptance of the nomination.

(c) The Board shall issue a full list of confirmed candidates, and shall draft a corresponding ballot to be distributed to all Members for voting purposes. Such ballots must satisfy the requirements set forth in Section 11.3 below.

(d) Notwithstanding any other provision of law, the rules adopted pursuant to this Article may provide for the nomination of candidates from the floor of membership meetings or nomination by any other manner. Those rules may permit write-in candidates for ballots.

Section 11.3. Secret Ballot. Elections and votes legally requiring a vote, such as issues related to assessments, the election and removal of members of the Board, amendments to the governing documents adopted by the Association, and the grant of exclusive use of Common Area pursuant to Civil Code Section 1363.07 shall be by secret ballot, and such ballot must satisfy the requirements and follow the procedures set forth in this Section 11.3. A quorum shall be required only if so stated in the governing documents of the Association or other provisions of law. If a quorum is required by the governing documents, each ballot received by the inspector of elections shall be treated as a Member present at a meeting for purposes establishing a quorum. An Association shall allow for cumulative voting using the secret ballot procedures provided in this Section. The Association shall send to each eligible Member a ballot and two (2) preaddressed envelopes not less than thirty (30) days prior to the voting deadline for the election.

11.3.1 Ballot Structure.

(a) Ballots must not identify the voter's name, address, or Unit number.

(b) The ballot itself must not be signed by the voter; it is inserted into a sealed envelope. This sealed envelope is then sealed within a second outer envelope. The outer envelope shall have, in the upper left-hand corner, space for the voter to print and sign his or her name, and print the address or separate interest identifier that entitles him or her to vote (Owners may use a pre-printed address label, but must hand-sign the indicated space in the upper left-hand corner of the outer envelope).

(c) The outer envelope is pre-addressed to the inspector or inspectors of election, as defined below, who will be counting the votes. The envelope containing the ballot shall then be hand delivered or mailed via first class mail to a location specified by the inspector or inspectors of the election. The Member may request a receipt for delivery. The inspector of election or his or her designee may verify the Members' information and signature on the outer envelope prior to the meeting at which ballots are tabulated.

(d) Once a secret ballot is received by the Inspector of elections, it shall be irrevocable.

Section 11.4. Inspector(s) of the Election. The current Board shall select one (1) or three (3) independent third party or parties to serve as the inspector or inspectors of the election

("Inspector(s)") not less than fifty (50) days prior to the voting deadline. An independent third party may not be a person, business entity or subdivision of a business entity that is currently employed or under contract to the Association for any compensable services unless such person is expressly allowed to serve as an Inspector under Rules and Regulations adopted by the Board.

11.4.1 Independent Third Party. For the purposes of this Article, independent third parties include the following:

- (a) A volunteer poll worker working for the County Registrar of Voters;
- (b) a Licensee of the California Board of Accountancy;
- (c) a Notary Public; or
- (d) a Member of the Association that does not hold a position on the current Board, is not related to a member of the current Board, is not a candidate for the forthcoming election, for which such Member would serve as an Inspector.

11.4.2 Duties of the Inspector. The inspector(s) of the election shall have the following responsibilities:

- (a) Determine the number of memberships entitled to vote as of the record date and the voting power of each said membership;
- (b) Determine the authenticity, validity, and effect of proxies, if any;
- (c) Receive ballots;
- (d) Hear and determine all challenges and questions in any way arising out of or in connection with the right to vote;
- (e) Count and tabulate all votes;
- (f) Determine when the polls shall close, consistent with the governing documents;
- (g) Determine the tabulated results of the election; and
- (h) Perform any acts as may be proper to conduct the election with fairness to all Members in accordance with this Section, the California Corporations Code, and all applicable Rules of the Association regarding the conduct of the election that are not in conflict with this Article.

11.4.3 Standard of Performance. An Inspector of this election shall perform his or her duties impartially, in good faith, to the best of his or her ability, and as expeditiously as practical.

11.4.4 Majority Decisions of Inspectors. If there are three (3) Inspectors, the decision or act of a majority shall be effective in all respects as the decision or act of all Inspectors.

11.4.5 Reports of the Inspector(s). Any report made or issued by the Inspector(s) is prima facie evidence of the facts stated in such report.

11.4.6 Additional Third Party Inspectors. The Inspector(s) may appoint and oversee additional independent third parties who qualify as such under this Section ("***Additional Third Party Inspector(s)***") to count and tabulate the Ballots and to verify signatures. Such Additional Third Party Inspector(s) shall inform the Inspector(s) of the results of the election, and the Inspector(s) shall be charged with declaring the final result of the election, pursuant to the procedures and requirements set forth in this Article. The Additional Third Party Inspector(s) shall not have the authority to present the final results of the election, and the results must be endorsed by the Inspectors prior to such Inspectors' public announcement

Section 11.5. Voting Periods.

11.5.1 Ballots and all related and all materials required for voting under this Article shall be sent to eligible Members not less than thirty (30) days prior to the date on which the collection and tabulation of votes has been set to begin by the Inspector(s).

11.5.2 Ballots, if hand delivered to a location or receptacle designated by the Inspector(s), must be received within seven (7) business days after the first day of ballot collection and tabulation, as determined by the Inspector(s).

11.5.3 If ballots are sent to the designated location or recipient via first class mail, such ballot must be postmarked no later than the third (3rd) business day after the first day of ballot collection and tabulation.

11.5.4 No further ballots shall be accepted, by mail or otherwise, after the tenth (10th) day of ballot collection and tabulation. Any ballots received after the tenth (10th) day shall be discarded and will not be counted in the Inspector(s)' tabulation of votes. The Member whose ballot has been discarded will not be entitled to notification of such action and shall not have the right to cast another vote in the present election. Such discarded ballots shall not be counted in any subsequent recount or challenge to the election procedures.

Section 11.6. Eligibility and Vesting of Voting Rights.

11.6.1 A Member is eligible to vote if he or she: (a) is a Member of the Association not currently subject to provisions in the Declaration regarding the nonpayment of assessments; (b) has paid the first month's assessments, as provided for in the Declaration, have levied against such Member's Unit; (c) has closed escrow on the Unit on or before the "Record Date," being not less than sixty (60) days prior to the date on which the ballots are mailed to or solicited from Members for voting purposes; (d) is aged eighteen (18) years or older.

11.6.2 Only one (1) vote may be cast per Unit. If more than one (1) party is record Owner of a Unit, the vote for that Unit shall be decided by said parties between themselves, as so provided in the Declaration.

11.6.3 Such voting rights attributed to any given Unit in the Project as provided for herein and in the Declaration and Bylaws shall not vest until the assessments provided for in the Declaration have been levied by the Association against such Member's Unit.

Section 11.7. Proxies.

11.7.1 For purposes of this Section, the following definitions shall apply:

(a) "Proxy" means a written authorization signed by a Member or the authorized representative of the Member that gives another Member or Members the power to vote on behalf of that Member.

(b) "Signed" means the placing of the Member's name on the proxy (whether by manual signature, typewriting, telegraphic transmission, or otherwise) by the Member or authorized representative of the Member.

11.7.2 Any eligible Member may authorize another person to act by proxy, pursuant to the Bylaws of the Association.

11.7.3 Any instruction given in a proxy that directs the manner in which the proxy holder is to cast the vote shall be set forth on a separate page of the proxy that can be detached and given to the proxy holder to retain. The proxy holder shall cast the vote by secret ballot, in the manner prescribed in this Article. The proxy may be revoked by the Member prior to the receipt of the ballot by the Inspector as described in Section 7613 of the California Corporations Code.

11.7.4 Proxies shall not be construed or used in lieu of a ballot. The Association may use proxies if permitted or required by these Bylaws and if those proxies meet the requirements of this Article, other applicable laws and the Association's governing documents, but the Association shall not be required to prepare or distribute proxies pursuant to this Section.

Section 11.8. Voting Procedure and Custody.

11.8.1 Tabulation of Votes. All votes shall be counted and tabulated by the Inspector(s) and/or the Additional Third Party Inspector(s) in public at a properly noticed open meeting of the Board and/or Members. Any candidate or Member may witness the counting and tabulation of the votes. No person, including, but not limited to, Members and employees of the management company, if one has been selected, shall open or otherwise review any ballot prior to the time the ballots are counted and tabulated by the Inspector(s) and/or the Additional Third Party Inspector(s). The Inspector of election, or his or her designee, may verify the Member's information and signature on the outer envelope prior to the meeting at which ballots are tabulated. Once a secret ballot is received by the Inspector of elections, it shall be irrevocable.

(a) Except for the meeting to count the votes required in Section 11.8.1, an election may be conducted entirely by mail unless otherwise specified in the governing documents.

11.8.2 Reporting and Recordation of Results. The tabulated results of the election shall be promptly reported to the current Board and shall be recorded in the minutes of the next meeting of the Board, and shall be made available for review of Members. The Board shall

publicize the tabulated results of the election in a communication directed to all Members, within fifteen (15) days of the date the final tabulation of votes has occurred.

11.8.3 Custody of Ballots. The sealed ballots shall at all times be in the custody and control of the Inspector(s), or at such location designated by the Inspector(s), until after the final tabulation of votes and until the time allowed by Section 7527 of the California Corporations Code for challenging the election has expired, after which time the custody and control of the ballots shall be turned over to the Association. If there is a recount or other challenge to the election process, the Inspector(s) of election shall, upon written request, make the ballots available for inspection and review by an Association Member or his or her authorized representative. Any recount shall be conducted in a manner that preserves the confidentiality of the vote.

11.8.4 Storage of Ballots. After the final tabulation of the votes has been completed by the Inspector(s) and custody and control of the ballots has been turned over to the Association, the Association shall store the ballots or cause them to be stored, in a secure location for not less than two (2) years from the date of final tabulation of votes.

Section 11.9. Contesting the Results of an Election.

11.9.1 An action challenging the validity of any election must be commenced within nine (9) months of the final tabulation of votes and report of the results to the Board at the open meeting in the election challenged.

11.9.2 In the event of a recount or other challenge to the election process, the Association shall, upon written request, make the ballots available for review by Members or authorized representatives. Any recount must be conducted in a way that preserves the confidentiality of all ballots recounted.

Section 11.10. Prohibition on Use of Association Funds. Association funds shall not be used for campaign purposes in connection with any Board election. Association funds shall not be used for campaign purposes in connection with any other Association election, except to the extent necessary to comply with the duties of the Association imposed by applicable law.

11.10.1 For the purpose of this Section, "Campaign Purposes" include, but are not limited to, the following:

(a) Expressly advocating the election or defeat of any candidate that is on the Association election ballot; or

(b) Including a photograph or prominently featuring the name of any candidate on a communication from the Association or the Board, excepting the ballot and ballot materials, within thirty (30) days of the distribution or mailing of ballots to Members for voting purposes.

(c) Such action is not considered a "Campaign Purpose" (for which Association funds may not be used) if the communication is one which is required for Equal Access as described in Section 11.1 above.

Section 11.11. Members' Right of Enforcement. Pursuant to California Civil Code Section 1363.09, Members shall have the following rights:

11.11.1 Members may bring a civil action for declaratory or equitable relief (including, but not limited to, injunctive relief, restitution, or a combination thereof) for a violation of this Article by the Association within one (1) year of the date the cause of action accrues.

(a) Upon finding that the Association violated the election procedures of this Article, a court of law may void any results of the election in question.

11.11.2 Members who prevail in an action based on this Section shall be entitled to reasonable attorney's fees and court costs.

(a) The court may impose a civil penalty of up to five hundred dollars (\$500.00) for each violation, however, a violation that affects each Member equally shall be subject to one (1) penalty only.

11.11.3 A prevailing Association shall not be entitled to recover attorney's fees or court costs unless the court finds the action to have been frivolous, unreasonable or without foundation, all as defined by applicable laws.

11.11.4 A cause of action brought pursuant to Members' rights under Civil Code Section 1363.09 with respect to Equal Access, as described in Section 11.1 of this Article, the receipt of a ballot by a Member, or the counting, tabulation, reporting of, or access to ballots for inspection and review after tabulation may be brought in small claims court, provided that the amount of the demand in such action does not exceed the jurisdiction of that court.

Section 11.12. Amendment. Any amendment to these election and voting procedures shall be made in accordance with California Civil Code Section 1357.120, as amended.

Section 11.13. Delegates Not Affected. The procedures set forth in this Article shall apply to votes cast directly by the membership, but do not apply to votes cast by delegates or other elected representatives.

Section 11.14. Interpretation of this Article. The enforcement provisions of this Article shall not be interpreted to abrogate, alter, provide exceptions to, or otherwise affect the Dispute Mechanisms set forth in Article 21 of the Declaration. Disputes arising out of this Article are subject to the paragraph in the Declaration titled "Other Disputes," which states that a dispute between the Association and an Owner may be resolved by the dispute resolution procedure provided therein, but the Owner may elect not to participate in such procedure. In the event of a conflict between this Article and the provisions of the Nonprofit Mutual Benefit Corporation Law (Part 3 (commencing with Section 7110) of Division 2 of Title 1 of the Corporations Code) relating to elections, provisions of this Article shall prevail.

ARTICLE 12
DECLARATION OF ESTABLISHMENT OF CONDITIONS, COVENANTS AND
RESTRICTIONS

The provisions of the Declaration are hereby incorporated herein by this reference. In the event of a conflict between the provisions of these Bylaws and the provisions of said Declaration, the provisions of the Declaration shall prevail but in no way negate or render ineffective non-conflicting provisions in these Bylaws.

ARTICLE 13
ASSOCIATION QUALIFICATION

This Association is intended to qualify as a homeowners' association under the applicable provisions of the Internal Revenue Code, and of the Revenue and Taxation Code of California. Notwithstanding any of the above statements of purposes and powers, this Association shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purpose of this Association. Furthermore, this Association is one which does not contemplate pecuniary gain or profit to the Members thereof, and is organized solely for nonprofit purposes. In no event shall the net earnings, income or assets of this Association be distributed to, or inure to the benefit of, any Member, director or officer of this Association or other private individual either directly or indirectly, except upon winding up and dissolution. Upon winding up and dissolution of this Association, after paying or adequately providing for the debts and obligations of the Association, the remaining assets may be distributed to the members as provided in the Bylaws. Notwithstanding the foregoing, without the approval of one hundred percent (100%) of the Members, so long as there is any Common Area for which this Association is obligated to provide management, maintenance, preservation or control:

- (1) The Association or any person or entity acting on its behalf shall not:
 - (a) Transfer all or substantially all of its assets; or
 - (b) File a Certificate of Dissolution; and
- (2) No court shall enter an order declaring the Association duly wound up and dissolved.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of LA PLAYA COURT HOMEOWNERS' ASSOCIATION; and

2. That the foregoing Bylaws, comprising 29 pages, including this page, constitute the Bylaws of said Association as duly adopted by action of the Board of Directors of the Association duly taken on NOVEMBER 19 2008.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 19th day of NOVEMBER 2008.


