

BYLAWS OF THE
PARK VISTA TOWNHOMES OWNERS' ASSOCIATION

ARTICLE I
IDENTIFICATION

Section 1. Name. The name of the Association is PARK VISTA TOWNHOMES OWNERS' ASSOCIATION (hereinafter referred to as the "Association").

Section 2. Principal Office. The principal office of the Association is hereby fixed and located at: 13426 Francisquito Avenue, Baldwin Park, California.

Section 3. Bylaws and Applicability. The provisions of these Bylaws are applicable to the condominium project (herein the "Project") known as PARK VISTA TOWNHOMES which is located in Los Angeles County, California, and more particularly described as:

Lot 1 of Tract No. 41596 in the City of Baldwin Park, County of Los Angeles, State of California as per Map recorded in Book 1016, Pages 71-72 of Maps, in the Office of the County Recorder of said 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 4. Definitions. Each and every definition set forth in Article I of the Declaration of Establishment of Conditions, Covenants and Restrictions shall have the same meaning herein as therein, and each and every such definition is incorporated by reference herein and made a part hereof.

ARTICLE II
MEMBERSHIP

Section 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. 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 earliest:

A. When the total votes outstanding in the Class A Membership equal the total votes outstanding in the Class B Membership; or

B. Not later than the second anniversary of the original issuance of the Subdivision Public Report for the Project.

Any provision in the governing instruments 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 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 subdivider 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 subdivider.

Section 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 or by 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 his 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 candidate a number of votes equal to the number of votes to which his interest is entitled, or distribute his votes on the same principle among the various candidates as he 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 his term of office if the number of votes cast against his 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 subdivider, 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 Subdivider.

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

Section 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 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.

ARTICLE III

MEETINGS OF MEMBERS

Section 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 subdivision is situated, unless necessitated by unusual conditions.

Section 2. Annual Meetings. The first meeting of the Association will be held no later than 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, but in no event shall the meeting be held later than six (6) months after the closing of the sale of the first Condominium. 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 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, either personally or by mail or by other means of written communications, charges prepaid, addressed to such Member at his address appearing on the books of the Association or given by him 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 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;
- (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. 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 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. No less than ten (10) days nor more than ninety (90) days written notice shall be given of 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 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 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 his 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 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, except as provided in Section 4 above.

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 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 8. 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 Corporations Code.

ARTICLE IV

BOARD OF DIRECTORS

Section 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 and Bylaws, 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 regular 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 bring 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 for and pay for maintenance, gardening, materials and supplies, and services for the care and upkeep of the Common Areas and facilities;

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

Tenth - Contract for and pay for fire, casualty, liability and other insurance insuring the Project and condominium Owners (without limiting any Owner of the right to provide such further insurance as he 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 subdivider;

Fourteenth - The Board of Directors of the Association shall ordinarily be prohibited from taking any of the following actions, except with the vote or written consent of a majority of the voting power of the Association residing in Members other than the Subdivider:

- (i) Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Area or the Owners' Association for a term longer than one year with the following exceptions:
 - (a) 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.
 - (b) Prepaid casualty and/or liability insurance policies of not to exceed three years duration provided that the policy permits for short rate cancellation by the insured.
 - (c) 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 Subdivider has an ownership interest.

- (ii) Incurring aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of 5% of the budgeted gross expenses of the Association for that fiscal year.
- (iii) Selling during any fiscal year property of the Association having an aggregate fair market value greater than 5% of the budgeted gross expenses of the Association for that fiscal year.
- (iv) 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.
- * (v) Filling of a vacancy on the Board of Directors created by the removal of a Director.
- (vi) Under no circumstances may the Association cause a forfeiture of an Owner's right to use and enjoy his Condominium for failure of a Member to comply with provisions of these Bylaws, or 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 VIII 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 or more Directors, 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:

- i. The approval of any action for which the Nonprofit Mutual Benefit Corporation Law, or the Declaration also requires Member approval;
- ii. The filling of vacancies on the Board or in any committee;
- iii. The adoption, amendment or repeal of Bylaws;
- iv. The amendment or repeal of any resolution of the Board;
- v. Any reassessment of Member fees and charges; and
- vi. The appointment of other committees of the Board or the Members thereof.

Section 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 one-fourth 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 not less than one and one-half times the Association's estimated annual budget for the maintenance, operation and accumulation of reserves. 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.

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 3. Number and Qualifications of Directors. The authorized number of Directors shall be five (5) 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. Election and Term of Office. Five (5) Directors shall be elected at each annual meeting of Members. 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 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.

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 his 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 subdivider.

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.

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 accept 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.

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 6. Place of Meeting. Regular and special meetings of the Board of Directors shall be held within the Project.

Section 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 8. Other Regular Meetings. Other regular meetings of the Board of Directors shall be held once a month 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 not less than four 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.

Section 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.

Written notice of the time and place of special meetings shall be delivered personally to each Director or communicated to each Director by telephone, or by telegraph or mail, charges prepaid, addressed to him at his 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. In case such notice is mailed or telegraphed, it shall be deposited in the United States mail or delivered to the telegraph company at least seventy-two (72) hours prior to the time of the holding of the meeting. In case such notice is delivered, personally or by telephone, as above provided, it shall be so delivered at least twenty-four (24) 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 open to all Members of the Association provided, however, that Association Members who are not on the Board of Directors may not participate in any deliberation or discussion unless expressly so authorized by a vote of a majority of a quorum of the Board of Directors. The Board of Directors may, however, with the approval of a majority of a quorum of its Members, adjourn a meeting and reconvene in Executive Session to discuss and vote upon such matters it deems appropriate. The nature of any and all business to be considered in Executive Session shall first be announced in open session.

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 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.

Section 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 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 him, 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 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 14. Notice of Adjournment. If the meeting is adjourned for more than 24 hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of 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 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 his actual expenses incurred in the performance of his duties.

SECTION V

OFFICERS

Section 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 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 his office until his successor shall be elected and qualified, or he shall be disqualified.

Section 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 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 his 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. 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 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. He shall

preside at all meetings of the Members and, at all meetings of the Board of Directors. He 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 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 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, and

he shall keep the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by the Bylaws.

Section 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. He shall disburse the funds of the Association as may be ordered by the Board of Directors, shall render to the President and Directors, whenever they request it, an account of all of his transactions as Treasurer and of the financial 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 VI

RULES AND REGULATIONS

Section 1. Adoption. The Board of Directors shall have the power to adopt reasonable rules and regulations for governing the conduct of the Members in the use of the Common Areas. Such rules and regulations may be adopted, amended or repealed at any time by the Board of Directors, with or without notice to the membership.

Section 2. Publications. The rules and regulations as adopted, amended or repealed by the Board of Directors shall be mailed to each Member and posted at a conspicuous location in the Common Area.

Section 3. 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 VII

COMMITTEES

Section 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 VIII

ASSESSMENTS

Section 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 legal rate, 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 attorney's 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 his Unit.

This Article VIII 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) 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.

ARTICLE IX

MISCELLANEOUS

Section 1. Inspection of Association's Books and Records. The membership register, books of account and minutes of meetings of the Members of the Board of Directors and of committees of the Board of Directors of the Association shall be made available for inspection and copying by any Member of the Association, or by his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a Member, at the office of the Association or at such other place within the subdivision as the governing body shall prescribe.

The Board of Directors shall establish reasonable rules with respect to:

- a) Notice to be given to the custodian of the records by the Member desiring to make the inspection.
- b) Hours and days of the week when such an inspection may be made.

- c) Payment of the cost of reproducing copies of documents requested by a Member.

Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents.

Section 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 3. Annual and Other Reports. An annual report consisting of the following shall be distributed within 120 days after the close of the fiscal year.

- (i) A balance sheet as of the end of the year.
- (ii) An operating (income statement for the fiscal year.
- (iii) A statement of changes in financial position for the fiscal year.
- (iv) Any information required to be reported under Section 8322 of the Corporations Code.

Ordinarily, the annual report referred to above shall be prepared by an independent accountant for any fiscal year in which the gross income of the Association exceeds \$75,000.

If the report referred to above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that

the statements were prepared without audit from the books and records of the Association.

Section 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 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 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 X
AMENDMENTS

Section 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 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) Two-thirds (2/3) of a quorum of the Members of the Association; and
- (2) 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.

Section 2. Conflicts. In the case of any conflict between the Declaration of Restrictions and these Bylaws, the Declaration shall control.

ARTICLE XI
DECLARATION OF ESTABLISHMENT OF
CONDITIONS, COVENANTS AND RESTRICTIONS

Section 1. Incorporation. The provisions of the Declaration of Establishment of Conditions, Covenants and Restrictions recorded in the Los Angeles County Recorder's Office as Instrument No. _____, 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.

ARTICLE XII

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:

- (a) The Association or any person or entity acting on its behalf shall not:
 - (1) Transfer all or substantially all of its assets; or
 - (2) File a Certificate of Dissolution; and