

by proxy, shall prevail at all meetings. The Members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum.

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

Section 8 - Action Without Meeting. Unless otherwise provided in the Articles:

- (a) Directors may only be elected without a meeting by unanimous written consent of all of the Members who would be entitled to vote for the election of such directors, provided that, with appropriate notice as hereinafter set forth, a director may be elected at any time to fill a vacancy not filled by the directors by the written consent of a majority of the Members entitled to vote for the election of the director or directors whose vacancy has occurred.
- (b) Any other action which may be taken at any annual or special meeting of Members may be taken without a meeting, upon notice as hereinafter set forth, if a consent in writing setting forth the action so taken, is signed by the Members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all Members entitled to vote thereon were present and voted.
- (c) All such written consents shall be filed with the Secretary of the Association.
- (d) The Board may fix a record date for the determination of Members entitled to give such written consent, as provided in the Section of these Bylaws entitled "Record Date and Closing Membership Register".

ARTICLE V

Directors

Section 1 - Powers. In addition to the powers and duties of the Board as set forth in the Declaration, the Articles, or elsewhere in these Bylaws, and subject to limitations of the Articles, the Declaration, or these Bylaws, and of the California Corporations Code as to action to be authorized or approved by the Members, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Association shall be controlled by the Board. Without prejudice to such general powers but subject to the same limitations, the Board is vested with and shall have the following powers; to wit:

- (a) To select, appoint and remove all officers, agents and employees of the Association, to prescribe such powers and duties for them as may be consistent with law, with the Articles, the Declaration and/or these Bylaws, to fix the compensation of agents and employees and to require from them security for faithful service when deemed advisable by the Board.
- (b) To conduct, manage and control the affairs and business of the Association, and to enforce such rules and regulations therefore consistent with law, with the Articles, the Declaration and/or these Bylaws, as the Board may deem necessary or advisable.

(c) To fix, determine and name from time to time, if necessary or advisable, the nonprofit corporation, city or public agency which is then or there organized or operated for purposes similar to the purposes for this Association to which the assets of this Association shall be distributed upon liquidation or dissolution according to the Articles. The assets so distributed shall be those remaining after satisfaction of all just debts and obligations of the Association and after distribution of all property held or acquired by the Association under the terms of a specific trust or trusts.

(d) To adopt and use a corporate seal.

Section 2 - Number and Qualification of Directors. The Board shall consist of five (5) directors, unless changed by an amendment to this Section of these Bylaws. A person must be a resident owner in order to serve as a director.

Section 3 - Election and Term of Office. Directors shall be elected at each annual meeting of Members for concurrent annual terms, but if any such annual meeting is not held, or if the directors are not elected thereat, the directors may be elected for concurrent annual terms, at any special meeting of Members held for that purpose. Election of directors shall be by secret written ballot. All directors shall hold office until their respective successors are elected.

Section 4 - Cumulative Voting. Every Member entitled to vote for any election of directors shall have the right to cumulate his votes and give one candidate a number of votes equal to the number of directors to be elected, multiplied by the number of votes to which he is entitled, or to distribute his votes on the same principle among as many candidates as he shall think fit. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected.

Section 5 - Special Voting Rights. There are no special voting rights in respect of special classes of Members. All Members share the same and equal voting rights.

Section 6 - Election Committee. An Election Committee may be appointed annually by the Board to make rules for and supervise nominations, voting procedures, voting requirements and the orderly and fair election of directors. The Election Committee shall consist of a Chairman who may also be a member of the Board and two (2) other persons who shall be Members of the Association, but not members of the Board.

The Election Committee shall make as many nominations for election to the board as it shall in its discretion determine but not less than the number of vacancies that are to be filled. Nominations to serve on the Board may also be made from the floor at any meeting of the Members at which directors are elected.

Section 7 - Removal of Directors. The removal of any director from the Board, and the removal of the entire Board, shall be controlled by Corporations Code Sections 7221, 7222, and 7223. In the event any or all directors are so removed, directors may be elected to fill the vacancy or vacancies created by removal as set forth in Corporations Code Section 7224.

Section 8 - Vacancies. Vacancies on the Board, may be filled by a vote of a majority of the remaining directors, though less than a quorum, or by a sole remaining director, and each director so elected shall hold office until his successor is elected at an annual meeting of Members, or at a special meeting called for that purpose. Vacancies occurring in the Board by reason of the removal of a director or directors may be filled only by the vote of the Members.

A vacancy or vacancies shall be deemed to exist in case of the death, resignation, disqualification pursuant to these Bylaws or removal of any director. If the Members shall increase the authorized number of directors but shall fail to elect the additional directors as provided for at the meeting at which such increase is authorized, or at an adjournment thereof, or in case the Members fail to at any time elect the full number of the authorized directors, a vacancy or vacancies shall be deemed to exist.

Any director convicted of a felony, with such conviction occurring after election as director, will be removed from office as director, without the Board having to convene a special meeting and hold a vote on the removal. The vacancy created by such automatic removal will become effective as of the date on which the Board is notified of the condition of the conviction.

Any director who misses three consecutive Board meetings of any type will be removed from office as a director on the grounds of absenteeism, without the Board having to convene a special meeting and hold a vote on the removal. The vacancy created by this absenteeism removal will become automatically effective ten days past the third such consecutive Board meeting missed by the absent director.

The Members may at any time elect directors to fill any vacancy not filled by the directors, and may elect the additional directors at the meeting at which an amendment of the Bylaws is voted authorizing an increase in the number of directors.

If any director tenders his resignation to the Board, the Board shall have power to elect a successor to take office at such time as the resignation shall become effective. No reduction of the number of directors shall have the effect of removing any director prior to the expiration of his term of office.

Section 9 - Place of Meeting All meetings of the Board shall be held at the principal office of the Association, or at any other place or places within the County of Orange designated at any time by resolution of the Board or by written consent of all members of the Board.

Section 10 - Organization Meeting Immediately following each annual meeting of the Members, the board shall hold a regular meeting for the purpose of organization, election of officers and the transaction of other business. Notice of such meeting is hereby dispensed with.

Section 11 - Other Regular Meetings Other regular meetings of the Board may be held without call at such place and day and hour as may be fixed from time to time by resolution of the Board provided, should said day fall upon a legal holiday, then the meeting which otherwise would be held on said day shall be held at the same time on the next day thereafter ensuing which is not a legal holiday. Notice of all such regular meetings of the Board is hereby dispensed with, provided, however notice of the time and place of any regular meeting shall be posted at a prominent and accessible place or places within the Covered Property. In no event shall regular meetings of the Board be held less than once every six (6) months.

Section 12 - Special Meetings - Notices

(a) Who May Call a Special Board Meeting.

Special meetings of the Board for any purpose may be called at any time by the Chairman or by the President, or if they are unable or refuse to act, by any two (2) directors.

(b) Notice To Directors of Special Meetings.

(i) Manner of Giving. Notice of the time and place of special meetings of the Board shall be given to each Director by one of the following methods: (A) by personal delivery of written notice; (B) by first-class mail, postage prepaid; or (C) by telephone, email or facsimile communication, either directly to the director or to a person at the director's home or office who would reasonably be expected to communicate such notice promptly to the director. All such notices shall be given or sent to the Director's address, email or telephone number as shown on the records of the Association. Notwithstanding the foregoing, notice of a meeting need not be given to any Director who signed a written waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof.

(ii) Time Requirements. Notices sent by first-class mail shall be deposited in a United States mailbox at least four days before the time set for the meeting. Notices given by personal delivery, telephone, email or fax shall be delivered, telephoned, or transmitted at least 48 hours before the time set for the meeting.

(iii) Notice Contents. The notice shall state the time, place, and purpose of the meeting.

(c) Notice to Members of Special Meetings. Members shall be notified of special meetings of the Board of Directors that are not executive sessions pursuant to the notice requirements of Civil Code Section 1363 05, or any comparable successor statute.

Section 13 - Adjournment. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If a Board meeting is adjourned notice of the adjourned meeting date shall be given as set forth within Section 12 of this Article.

Section 14 - Waiver of Notice. The transaction of any business at any meeting of the Board, however called and noticed, to the directors, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting, each of the directors not present signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers consents or approvals shall be filed with the records of the Association or made a part of the minutes of the meeting.

Section 15 - Quorum. A majority of the number of directors as fixed by the Articles or these Bylaws shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision made or done by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

Section 16 - Consent of Board Obviating Necessity of Meeting. Notwithstanding anything to the contrary contained in these Bylaws, any action required or permitted to be taken by the Board may be taken without a meeting if at such time 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. Such action by written consent shall have the same force and effect as a unanimous vote of such directors.

Section 17 - Fees and Compensations. No director or officer shall receive any salary for his services as such officer or director. Nothing herein contained shall be construed to preclude any director or officer from serving the Association as agent, counsel, or any capacity other than as such director or officer, and receiving compensation therefor, nor from being reimbursed for expenses incurred in the Association's business

Section 18 - Presiding Officer. The members of the Board shall elect one of their number to act as Chairman. The Chairman shall preside at all meetings of the Board.

Section 19 - Indemnification of Directors, Officers and Employees.

(a) For the purposes of this Section, "agent" means any person who is or was a director, officer, employee or other agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise; "proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative; and "expenses" includes, without limitation, attorneys' fees and any expenses of establishing a right to indemnification under paragraph (d) or subparagraph (e) (3) of this Section

(b) The Association shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed proceeding (other than an action by or in the right of the Association to procure a Judgment in its favor) by reason of the fact that such person is or was an agent of the Association, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Association and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the Association or that the person had reasonable cause to believe that the person's conduct was unlawful.

(c) The Association shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action by or in the right of the Association to procure a judgment in its favor by reason of the fact that such person is or was an agent of the Association, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this paragraph (c):

- (1) In respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Association in the performance of such person's duty to the Association, unless and only to the extent that the court in which such action was brought shall determine upon application that, in view

of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for the expenses which such court shall determine;

- (2) Of amounts paid in settling or to otherwise disposing of a threatened or pending action, with or without court approval; or
- (3) Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval.

(d) To the extent that an agent of the Association has been successful on the merits in defense of any proceeding referred to in paragraph (b) or (c) or in defense of any claim, issue or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

(e) Except as provided in paragraph (d), any indemnification under this Section shall be made by the Association only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in paragraph (b) or (c), by:

- (1) A majority vote of a quorum consisting of directors who are not parties to such proceeding;
- (2) Approval or ratification by the affirmative vote of a majority of the voting power of the Members at a duly held meeting at which a quorum is present or by the written consent of a majority of the voting power of the Members. For purposes of determining the required quorum of any meeting of Members called to approve or ratify indemnification of an agent and the vote or written consent required therefor, the vote of any Member to be indemnified shall not be considered outstanding and shall not be entitled to vote thereon; or
- (3) The court in which such proceeding is or was pending, upon application made by the Association or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney or other person is opposed by the Association.

(f) Expenses incurred in defending any proceeding may be advanced by the Association prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Section.

(g) This Section shall create a right of indemnification for each person referred to in this Section, whether or not the proceeding to which the indemnification related arose in whole or in part prior to adoption of this Section, and in the event of the death of such agent, whether before or after initiation of such proceeding, such right shall extend to such person's legal representatives. This Section does not apply to any proceeding against any trustee, investment manager or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be an agent of the Association as defined in paragraph (a). Nothing contained in this Section shall limit any right to indemnification to which such a trustee, investment manager or other fiduciary may be entitled by contract or otherwise, which shall be enforceable to the extent permitted by applicable law other than this Section. In addition, to the maximum extent permitted by applicable law, the right of

indemnification hereby given shall not be exclusive of or otherwise affect any other rights such agent may have to indemnification, whether by law or under any contract, insurance policy or otherwise.

(h) No indemnification or advance shall be made under this Section, except as provided in paragraph (d) or subparagraph (e) (3), in any circumstance where it appears:

- (1) That it would be inconsistent with a provision of the Articles, these Bylaws, a resolution of the Members or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or
- (2) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

(i) Upon determination by the Board, the Association may purchase and maintain insurance on behalf of any agent of the Association against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the Association would have the power to indemnify the agent against such liability under the provisions of this Section.

(j) Upon the written request of any agent of the Association who was or is a party, or is threatened to be made a party, to any threatened, pending or completed proceeding, the Board shall meet within ten (10) days of such request and shall determine whether indemnification of such agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in paragraph (b) or (c).

Section 20 - Records. The Board shall cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at annual meetings of Members.

Section 21 - Attendance of Board Meetings by Members. Regular and special Board meetings shall be open to all Members; provided, however, no Member who is not an officer or director shall participate in any deliberation or discussion unless expressly authorized by a majority of a quorum of the Board. The Board may, upon the vote of a majority of the Board's quorum, adjourn a Board meeting and reconvene in executive session exclusive of all Members who are not directors to discuss and vote upon personal matters, litigation in which the Association is involved and other similar matters requiring confidentiality. The nature of any and all business to be so considered in executive session shall be announced in open session.

ARTICLE VI

Officers

Section 1 - Officers. The officers shall be a President, a Vice President, a Secretary and a Treasurer, which officers shall be elected by and hold office at the pleasure of the Board. Any two (2) or more of such offices, except those of President and Secretary may be held by the same person.