

BYLAWS
OF
VISTA LA JOLLA TOWNHOMES ASSOCIATION

ARTICLE I

PLAN OF CONDOMINIUM OWNERSHIP

Section 1. Name. The name of the Association is VISTA LA JOLLA TOWNHOMES ASSOCIATION, hereinafter referred to as the "Association." The principal office of the Association shall be located in the County of San Diego, State of California.

Section 2. Condominium Ownership. The project, located in the City of San Diego, County of San Diego, State of California, is subject to the provisions of Title 6, Part 4, Division Second, of the California Civil Code.

Section 3. Bylaws Applicability. The provisions of these Bylaws are applicable to the project. (The term "project" as used herein shall include the land and all structures and improvements thereon.)

Section 4. Personal Application. 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 to the recorded Declaration of Restrictions (the "Declaration" herein).

The mere acquisition or rental of any of the units of the project or the mere act of occupancy of any of the units will signify that these Bylaws are accepted, ratified, and will be complied with.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to VISTA LA JOLLA TOWNHOMES ASSOCIATION, a California nonprofit corporation, its successors and assigns.

Section 2. "Board" shall mean and refer to the Board of Directors of the Association.

Section 3. "Common Area" shall mean and refer to all portions of the Condominium Property not located within a Living Unit.

Section 4. "Condominium" shall mean and refer to a fee simple estate in the Condominium Property, or portions thereof, as defined in California Civil Code Section 783 and shall consist of a fee interest in a Living Unit and an undivided fractional interest as tenant in common in the Common Area.

Section 5. "Condominium Plan" shall mean and refer to the Condominium Plan or Condominium Plans recorded pursuant to California Civil Code Section 1351 covering all or any part of the Condominium Property, including such amendments thereto as may from time to time be recorded.

Section 6. "Condominium Property" shall mean and refer to that certain real property located in San Diego County, California, described as such in the Declaration recorded in the Office of the County Recorder of San Diego County, California, owners of Condominiums in which are required to be members of the Association, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 7. "Declaration" shall mean and refer to the Declaration of Restrictions recorded with the Office of the County Recorder of San Diego County, California, on November 14, 1978, at File/Page No. 78-492426, covering the Condominium Property, including such amendments thereto as may from time to time be recorded.

Section 8. "Exclusive Use Area" shall mean and refer to those portions of the Common Area, if any, which an Owner has the exclusive right to use.

Section 9. "Living Unit" shall mean and refer to those portions of the Condominium Property shown and described as such on the Condominium Plan and as defined in the Declaration.

Section 10. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

Section 11. "Mortgage" shall mean and refer to a deed of trust as well as a mortgage encumbering any Condominium.

Section 12. "Mortgagee" shall mean and refer to the beneficiary of a deed of trust, its successors and assigns as well as a mortgagee of a mortgage encumbering a Condominium.

Section 13. "Owner" shall mean and refer to the record owner, whether one (1) or more persons or entities, of any Condominium, including contract sellers but excluding those

having such interest merely as security for the performance of an obligation.

Section 14. "Project" shall mean and refer to that certain real property described in the Declaration of Restrictions recorded on November 14, 1978, at File/Page No. 78-492426 of Official Records of San Diego County, California, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 15. "Recreation Facility or Recreation Area" shall mean and refer to all real property owned by the Association for the common use and enjoyment of the members of the Association. The Recreation Area to be owned by the Association at the time of conveyance of the first Condominium by Declarant is described as follows: Lot 74 of UNIVERSITY TOWNE CENTER UNIT NO. 3 according to Map thereof No. 8679 filed in the Office of the County Recorder of San Diego County, California, on September 26, 1977.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meeting. Annual meetings of members shall be held on the first Wednesday in November each year. In any year in which directors are elected, the election shall be held at the annual meeting. Any other proper business may be transacted at the meeting.

Section 2. Special Meetings. Special meetings of members shall be called (a) upon the vote for such a meeting by a majority of a quorum of the Board or (b) upon receipt of a written request signed by members representing not less than five percent (5%) of the total voting power of the Association. The Notice of any special meeting shall state the time and place of such meeting and the purpose thereof.

Section 3. Place of Meetings. Meetings of members shall be held within the Condominium Property or as close thereto as possible.

Section 4. Notice of Annual or Special Meetings. Written notice of each annual or special meeting of members shall be given not less than 10 nor more than 90 days before the date of the meeting to each member entitled to notice thereof; provided, however, that if notice is given by mail, and the notice is not mailed by first-class, registered, or certified mail, the notice shall be given not less than 20 days before the meeting. Such notice shall state the place, date, and hour of the meeting and (a) in the case of a special meeting, the general nature of the business to be

transacted, and no other business may be transacted, or (b) in the case of the annual meeting, those matters which the Board, at the time of the mailing of the notice, intends to present for action by the members, but, subject to the provisions of applicable law, any proper matter may be presented at the meeting for such action. The notice of any meeting at which directors are to be elected shall include the names of all those who are nominees at the time the notice is sent to members.

Notice of a members' meeting shall be given either personally or by mail or by other means of written communication, addressed to a member at the address of such member appearing on the books of the Association or given by the member to the Association for the purpose of notice, or, if no such address appears or is given, at the place where the principal office of the Association is located or by publication at least once in a newspaper of general circulation in the county in which the principal office is located. Notice by mail shall be deemed to have been given at the time a written notice is deposited in the United States mails, postage prepaid. Any other written notice shall be deemed to have been given at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission, or actually transmitted by the person giving the notice by electronic means, to the recipient. Oral notice shall be deemed to have been given at the time it is communicated, in person or by telephone or wireless, to the recipient or to a person at the office of the recipient who the person giving the notice has reason to believe will promptly communicate it to the recipient.

Section 5. Quorum. One-third (1/3) of the voting power, represented in person or by proxy, shall constitute a quorum at any meeting of members. If a quorum is present, the affirmative vote of the majority of the voting power represented at the meeting, entitled to vote, and voting on any matter shall be the act of the members, unless the vote of a greater number or voting by classes is required by law, by the Articles, or by these Bylaws, except as provided in the following sentence. The members present at a duly called or held meeting at which a quorum is present may continue to do 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 6. Adjourned Meetings and Notice Thereof. Any members' meeting, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the votes represented either in person or by proxy.

If any meeting cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may not transact any business except to adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called. The quorum requirement for the subsequent meeting shall be twenty-five percent (25%) of the voting power of all members of the Association. 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 7. Voting. The members entitled to notice of any meeting or to vote at any such meeting shall be only persons in whose name memberships stand on the records of the Association on the record date for notice determined in accordance with Section 8 of this Article III.

Subject to the following sentence and to the provisions of Section 7615 of the California Nonprofit Mutual Benefit Corporation Law, every member entitled to vote at any election of directors may cumulate such member's 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 the member is normally entitled, or distribute the member's votes on the same principle among as many candidates as the member thinks fit. No member shall be entitled to cumulate votes for a candidate or candidates pursuant to the preceding sentence unless such candidates' 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 the member's votes. If any one member has given such notice, all members may cumulate their votes for candidates in nomination.

All elections for directors must be by secret written ballot.

In any election of directors, the candidates receiving the highest number of votes are elected.

When more than one person holds an ownership interest in any condominium, all such persons shall be members, and the vote for such condominium shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any condominium.

Voting shall in all cases be subject to the provisions of Chapter 6 of the California Nonprofit Mutual Benefit Corporation Law.

Section 8. Record Date. The Board may fix, in advance, a record date for the determination of the members entitled to notice of any meeting of members or entitled to exercise any rights in respect to any lawful action. The record date so fixed shall be not more than 60 days nor less than 10 days prior to the date of the meeting, nor more than 60 days prior to any other action. When a record date is so fixed, only members of record on that date are entitled to notice, to vote, or to exercise the rights for which the record date was fixed. A determination of members of record entitled to notice of a meeting of members shall apply to any adjournment of the meeting unless the Board fixes a new record date for the adjourned meeting. The Board shall fix a new record date if the meeting is adjourned for more than 45 days.

If no record date is fixed by the Board, the record date for determining members entitled to notice of a meeting of members shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held. If no record date is fixed by the Board, members on the day of the meeting who are otherwise eligible to vote are entitled to vote at the meeting of members or, in the case of an adjourned meeting, members on the date of the adjourned meeting who are otherwise eligible to vote are entitled to vote at the adjourned meeting of members. The record date for determining members for any purpose other than set forth in this Section 8 or Section 4 of this Article III shall be at the close of business on the day on which the Board adopts the resolution relating thereto, or the 60th day prior to the date of such other action, whichever is later.

Section 9. Consent of Absentees. The transactions of any meeting of members, however called and noticed, and wherever held, are as valid as though had at a meeting duly held after regular call and notice, if a quorum is 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, signs a written waiver of notice or a consent to the holding of the meeting or an approval of the minutes thereof. All such waivers, consents, and approvals shall be filed with the Association's records or made a part of the minutes of the meeting. Attendance of a person at a meeting shall constitute a waiver of notice of and presence at such meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required by the California Nonprofit Mutual Benefit

Corporation Law to be included in the notice but not so included, if such objection is expressly made at the meeting. Neither the business to be transacted at nor the purpose of any regular or special meeting of members need be specified in any written waiver of notice, consent to the holding of the meeting, or approval of the minutes thereof, except as provided in Section 7511(f) of the California Nonprofit Mutual Benefit Corporation Law.

Section 10. Action Without Meeting. Subject to Section 7513 of the California Nonprofit Mutual Benefit Corporation Law, any action except election of directors which, under any provision of the California Nonprofit Mutual Benefit Corporation Law, may be taken at any regular or special meeting of members, may be taken without a meeting if the written ballot of every member is solicited, if the required number of signed approvals in writing, setting forth the action so taken, is received, and if the number of ballots cast within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. Unless a record date for voting purposes be fixed as provided in Section 8 of this Article III, the record date for determining members entitled to cast written ballots pursuant to this Section 10, when no prior action by the Board has been taken, shall be the day on which the first written ballot is mailed or solicited, whichever is first.

Section 11. Proxies. Every person entitled to vote a membership has the right to do so either in person or by one or more persons authorized by a written proxy executed by such member and filed with the Secretary. Any proxy duly executed is not revoked and continues in full force and effect until revoked by the person executing it prior to the vote pursuant thereto. Such revocation may be effected either (a) by a writing delivered to the Secretary of the Association stating that the proxy is revoked, (b) by a subsequent proxy executed by the person executing the prior proxy and presented to the meeting, or (c) as to any meeting, by attendance at the meeting and voting in person by the person executing the proxy; provided, however, that no proxy shall be valid after the expiration of eleven months from the date of its execution unless otherwise provided in the proxy, except that the maximum term of any proxy shall be three years from the date of execution.

If this Association has 100 or more members, any form of proxy or written ballot distributed to 10 or more members shall afford an opportunity on the proxy or

form of written ballot to specify a choice between approval and disapproval of each matter or group of related matters intended, at the time the written ballot or proxy is distributed, to be acted upon at the meeting for which the proxy is solicited or by such written ballot, and shall provide, subject to reasonable specified conditions, that where the person solicited specifies a choice with respect to any such matter the vote shall be cast in accordance therewith.

In any election of directors, any form of proxy or written ballot in which the directors to be voted upon are named therein as candidates and which is marked by a member "withhold" or otherwise marked in a manner indicating that the authority to vote for the election of directors is withheld shall not be voted either for or against the election of a director.

Section 12. Inspectors of Election. In advance of any meeting of members, the Board may appoint inspectors of election to act at such meeting and any adjournment thereof. If inspectors of election be not so appointed, or if any persons so appointed fail to appear or refuse to act, the Chairman of any such meeting may, and on the request of any member or member's proxy shall, make such appointment at the meeting. The number of inspectors shall be either one or three. If appointed at a meeting on the request of one or more members or proxies, the majority of members represented in person or by proxy shall determine whether one or three inspectors are to be appointed.

The duties of such inspectors shall be as prescribed by Section 7614(b) of the California Nonprofit Mutual Benefit Corporation Law and shall include: determining the number of memberships outstanding and the voting power of each; determining the memberships represented at the meeting; determining the existence of a quorum; determining the authenticity, validity, and effect of proxies; receiving votes, ballots, or consents; hearing and determining all challenges and questions in any way arising in connection with the right to vote; counting and tabulating all votes or consents; determining when the polls shall close; determining the result; and doing such acts as may be proper to conduct the election or vote with fairness to all members. If there are three inspectors of election, the decision, act, or certificate of a majority is effective in all respects as the decision, act, or certificate of all.

Section 13. Conduct of Meeting. The President shall preside as chairman at all meetings of the members. The chairman shall conduct each such meeting in a businesslike and fair manner, but shall not be obligated to follow any

technical, formal, or parliamentary rules or principles of procedure. The chairman's ruling on procedural matters shall be conclusive and binding on all members, unless at the time of a ruling a request for a vote is made to the members entitled to vote and which are represented in person or by proxy at the meeting, in which case the decision of a majority of such members shall be conclusive and binding on all members. Without limiting the generality of the foregoing, the chairman shall have all of the powers usually vested in the chairman of a meeting of members.

ARTICLE IV

DIRECTORS

Section 1. Powers. Subject to limitations of the Declaration, of the Articles, of these Bylaws, and of the California Nonprofit Mutual Benefit Corporation Law relating to action required to be approved by the members or by a majority of members, the activities and affairs of the Association shall be conducted and all Association powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the activities of the Association to any person or persons, a management company, or committees however composed, provided that the activities and affairs of the Association shall be managed and all Association powers shall be exercised under the ultimate direction of the Board.

(a) Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws:

(1) To select and remove all the other officers, agents, and employees of the Association, prescribe powers and duties for them as may not be inconsistent with law, the Declaration, the Articles, or these Bylaws, fix their compensation, and require from them security for faithful service, provided, however, that no director shall receive compensation for any service he may render to the Association but any director may be reimbursed for his actual expenses incurred in the performance of his duties.

(2) Fix, levy and collect assessments as provided herein and in the Declaration.

(3) Adopt and publish reasonable rules and regulations governing the use of the common area, facilities, and recreational facilities, and the personal

conduct of the members, their tenants and their guests thereon, and to establish reasonable charges for the use of the recreational facilities, and to establish penalties for the infraction thereof.

The Board shall also have the right, pursuant to notice and hearing and to such other procedures as it may establish, to assess fines against any member who violates, or whose tenants or guests violate, the Declaration, these Bylaws, including all Rules of Conduct set forth in Section 5 of Article VI hereof, or the rules and regulations then in effect. Fines may be levied for each such offense. The amount of each fine shall be determined by the Board of Directors as specified in the rules and regulations, but, for the first offense, such fine shall not exceed \$50.00 and for repeated offenses the fine shall not exceed \$100.00 for each offense. Provided, however, that prior to making any decision to impose any such monetary penalties for any single violation, the Board shall provide such Owner an opportunity to be heard by the Board with respect to the violation, which hearing shall be held not sooner than ten (10) days after written notice thereof is mailed by first-class mail, postage prepaid, to such Owner at the last address of the Owner shown on the Association's books and records, which notice shall set forth the contemplated action of the Board, the effective date of such action, and the reasons therefor. The Owner may appear and be heard at the hearing. In any action brought for enforcement of fines or other penalties levied pursuant to the rules and regulations or these Bylaws, the prevailing party shall be entitled to attorney's fees in such amounts as ordered by the Court. Members shall be personally liable for payment of fines levied against their tenants or guests.

(4) Suspend the voting rights and right to use of 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, for a period not to exceed 30 days for infraction of published rules and regulations.

(5) 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, the Articles of Incorporation, or the Declaration.

(6) Declare the office of a member of the Board to be vacant in the event such member shall be absent from three consecutive regular meetings of the Board.

(7) Employ a recognized professional management company and prescribe the duties for said company.

(8) Contract and pay premiums for fire, casualty, liability and other insurance on leased, owned, or subleased property of the Association, and its members, and fidelity bond premiums as required by the Declaration or these Bylaws.

(9) Contract and pay for maintenance, gardening, utilities, materials, and supplies, and services relating to the common property and/or facility and the recreational facility, and to employ personnel reasonably necessary for the operation of the property, including lawyers and accountants where appropriate.

(10) Pay taxes and special assessments which are or would become a lien on the project or common area, or the recreational facilities.

(11) Where appropriate, to pay for reconstruction of any portion or portions of the project damaged or destroyed which are to be rebuilt.

(12) Delegate its powers to committees, officers or employees.

(13) Enter into any lot or unit when necessary in connection with maintenance or reconstruction for which the management body is responsible.

(b) The Board shall be prohibited from taking any of the following actions, except with the vote or written assent of a majority of the voting power of the members:

(1) 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 (1) year with the following exceptions: (i) a management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration; or (ii) 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; or (iii) prepaid casualty and/or liability insurance policies of not to exceed three (3) years duration, provided that the policy permits short rate cancellation by the insured.

(2) 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.

(3) 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.

(4) Paying compensation to members of the Board 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 Board member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

(5) Filling of a vacancy on the Board created by the removal of a Board member.

Section 2. Duties. It shall be the duty of the Board to:

(a) Cause to be kept a complete record of all the acts and Association affairs and cause an annual independent audit of the account or accounts of the management body and to cause a copy of such report to be available to each member within thirty (30) days of completion.

(b) Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed.

(c) Establish, levy and collect monthly assessments for each unit; provided, however, that a majority of members at any fully constituted meeting may reverse any decision by the Board regarding the amount of monthly assessments and, provided, further, that the Board of Directors shall call a special meeting of the members to be held no less than thirty (30) days and no more than forty-five (45) days after written notice of any change in monthly assessments to the owners and, provided, further, that such change in monthly assessments shall not go into effect until forty-five (45) days after such written notice to the owners.

(d) Issue, or cause an appropriate officer to issue upon demand by any person, a certificate setting forth whether or not an assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(e) Procure and maintain adequate fire, liability, and casualty insurance on property owned by the Association and its members.

(f) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

(g) Cause the common area and the recreational facilities to be maintained.

(h) Cause a notice of assessment to be recorded pursuant to the Declaration.

Section 3. Number of Directors. The authorized number of directors shall be five (5) until changed by amendment of the Articles or by a Bylaw duly adopted by the members amending this Section 3.

Section 4. Election and Term of Office. Directors shall be elected at each annual meeting of the members, but 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 held for that purpose. Each director shall serve for two (2) years and shall hold office until a successor has been elected and qualified. Elections shall be held at each annual meeting of members for those directors whose terms then expire.

Section 5. Vacancies. Any director may resign effective upon giving written notice to the Chairman of the Board, the President, the Secretary, or the Board, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected before such time to take office when the resignation becomes effective.

Vacancies in the Board, except those existing as a result of a removal of a director, may be filled by a majority of the remaining directors, although less than a quorum, or by a sole remaining director, and each director so elected shall hold office until the expiration of the term of the replaced director and until such replacement director's successor has been elected and qualified.

A vacancy or vacancies in the Board shall be deemed to exist pursuant to Section 1(f) of Article IV and in case of the death, resignation or removal of any director, or if the authorized number of directors be increased, or if the members fail, at any regular or special meeting of members at which any director or directors are elected, to elect the full authorized number of directors to be voted for at that meeting.

The Board may declare vacant the office of a director who has been declared of unsound mind by a final order of court, convicted of a felony, or been found by a

final order or judgment of any court to have breached any duty arising under Section 7238 of the California Nonprofit Mutual Benefit Corporation Law.

The members may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors.

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

Section 6. Removal of Directors. At any regular or special meeting of the members duly called, any one or more of the directors may be removed with or without cause by a majority of the members, and a successor may then and there be elected to fill the vacancy thus created (by cumulative voting as provided in Section 7 of Article III). Any director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting. Unless the entire Board is removed from office by the vote of the members, no director shall be removed prior to the expiration of his term of office if the votes cast against removal would be sufficient to elect the director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of directors authorized at the time of the most recent election of the directors were then being elected.

Section 7. Place of Meeting. Regular or special meetings of the Board shall be held at any place within the Condominium Property which has been designated from time to time by the Board.

Section 8. Regular Meetings. The Board shall hold regular meetings annually within ten (10) days of election of the directors for the purpose of organization, election of officers, and the transaction of other business.

Other regular meetings of the Board shall be held on such dates and at such times as may be fixed by the Board, but not less frequently than every six (6) months. Notice of each such regular meeting shall be posted in a prominent place within the common area.

Section 9. Special Meetings. Special meetings of the Board may be called by written notice signed by the President or by any two members of the Board other than the President. The notice of a special meeting shall state the time, place and purpose of the meeting.

Notice of the time and place of regular Board meetings shall be communicated to all Board members

not less than four (4) days prior to the meeting, and notice of the time, place and purpose of special meetings shall be communicated to all Board members not less than 72 hours prior to the meeting. Any such notice shall be addressed or delivered to each director at such director's address as it is shown upon the records of the Association or as may have been given to the Association by the director for purposes of notice or, if such address is not shown on such records or is not readily ascertainable, at the place in which the meetings of the directors are regularly held.

Notice by mail shall be deemed to have been given at the time a written notice is deposited in the United States mails, postage prepaid. Any other written notice shall be deemed to have been given at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission, or actually transmitted by the person giving the notice by electronic means, to the recipient. Oral notice shall be deemed to have been given at the time it is communicated, in person or by telephone or wireless, to the recipient or to a person at the office of the recipient who the person giving the notice has reason to believe will promptly communicate it to the recipient.

Section 10. Quorum. A majority of the authorized number of directors constitutes a quorum of the Board for the transaction of business, except to adjourn as provided in Section 12 of this Article IV. 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, unless a greater number be required by law or by the Articles, except as provided in the next sentence. 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 11. Participation in Meetings by Conference Telephone. 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.

Section 12. Waiver of Notice. Notice of a meeting need not be given to any director who signs a waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such director. All such waivers, consents, and approvals shall be filed with the Association records or made a part of the minutes of the meeting.

Section 13. Adjournment. A majority of the directors present, whether or not a quorum is present, may adjourn any directors' meeting to another time and place. 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, except as provided in the next sentence. 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 the adjournment.

Section 14. Action Without Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board shall individually or collectively consent in writing to such action. Such consent or consents shall have the same effect as a unanimous vote of the Board and shall be filed with the minutes of the proceedings of the Board.

Section 15. Rights of Inspection. Every director shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents of every kind and to inspect the physical properties of the Association.

Section 16. Committees. The Board may appoint one or more committees, each consisting of two or more directors, and delegate to such committees any of the authority of the Board except with respect to:

(a) The approval of any action for which the California Nonprofit Mutual Benefit Corporation Law or the Declaration also requires approval of the members or approval of a majority of all members;

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

(c) The fixing of compensation of the directors for serving on the Board or on any committee;

(d) The amendment or repeal of Bylaws or the adoption of new Bylaws;

(e) The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable;

(f) The appointment of other committees of the Board or the members thereof;

(g) The expenditure of Association funds to support a nominee for director.

(h) With respect to any assets held in charitable trust, the approval of any self-dealing transaction. The Board shall also not possess any authority it cannot delegate to a committee if authority to the Board is denied to it under these Bylaws.

Any such committee must be created, and the members thereof appointed, by resolution adopted by a majority of the authorized number of directors then in office, provided a quorum is present, and any such committee may be designated an Executive Committee or by such other name as the Board shall specify. The Board may appoint, in the same manner, alternate members of any committee who may replace any absent member at any meeting of the committee. The Board shall have the power to prescribe the manner in which proceedings of any such committee shall be conducted. In the absence of any such prescription, such committee shall have the power to prescribe the manner in which its proceedings shall be conducted. Unless the Board or such committee shall otherwise provide, the regular and special meetings and other actions of any such committee shall be governed by the provisions of this Article IV applicable to meeting and actions of the Board. Minutes shall be kept on each meeting of each committee.

Section 17. Open Meetings. All meetings of the Board shall be open to members of the Association; provided, however, no member who is not a member of the Board may participate in any discussion or deliberation unless authorized by a vote of a majority of a quorum of the Board. Nothing herein shall prohibit the Board from adjourning to closed meeting (executive session) when such executive session has been approved by a majority of a quorum of the Board to discuss and vote upon personnel matters and litigation in which the Association is or may become involved. The nature of any and all business to be considered in executive session shall be announced in open session.

ARTICLE V

OFFICERS

Section 1. Officers. The officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer. The Association may also have, at the discretion of the Board, a Chairman of the Board, more than one Vice President, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be elected or appointed in accordance with the provisions of Section 3 of this Article V. One (1) person may hold two (2) or more offices, except those of President and Secretary or President and Treasurer.

Section 2. Election. The officers of the Association, except such officers as may be elected or appointed in accordance with the provisions of Section 3 or Section 5 of this Article V, shall be chosen annually by, and shall serve at the pleasure of, the Board, and shall hold their respective offices until their resignation, removal, or other disqualification from service, or until their respective successors shall be elected.

Section 3. Subordinate Officers. The Board may elect, 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 these Bylaws or as the Board may from time to time determine.

Section 4. Removal and Resignation. Any officer may be removed, either with or without cause, by the Board at any time or, except in the case of an officer chosen by the Board, by any officer upon whom such power of removal may be conferred by the Board. Any such removal shall be without prejudice to the rights, if any, of the officer under any contract of employment of the officer.

Any officer may resign at any time by giving written notice to the Association, but without prejudice to the rights, if any, of the Association under any contract to which the 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 these Bylaws for regular election or appointment to such office, provided that such vacancies shall be filled as they occur and not on an annual basis.

Section 6. Chairman of the Board. The Chairman of the Board, if there is such an officer, shall, if present, preside at all meetings of the Board and exercise and perform such other powers and duties as may be from time to time assigned by the Board.

Section 7. President. Subject to such powers, if any, as may be given by the Board to the Chairman of the Board, if there be such an officer, the President is the general manager and chief executive officer of the Association and has, subject to the control of the Board, general supervision, direction, and control of the business and officers of the Association. The President shall preside at all meetings of

the members and, in the absence of the Chairman of the Board, or if there be none, at all meetings of the Board. The President has the general powers and duties of management usually vested in the office of president and general manager of an association and such other powers and duties as may be prescribed by the Board.

Section 8. Vice President. In the absence or disability of the President, the Vice President shall perform all the duties of the President and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the President. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board.

Section 9. Secretary. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board may order, a book of minutes of all meetings of members, the Board, and its committees, 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 Board and committee 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 office in the State of California the original or a copy of the Association's Articles and Bylaws, as amended to date.

The Secretary shall give, or cause to be given, notice of all meetings of the members and of the Board and any committees thereof required by these Bylaws or by law to be given, 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.

Section 10. Treasurer. The Treasurer is 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 properties and business transactions of the Association, and shall send or cause to be sent to the members of the Association such financial statements and reports as are by law or these Bylaws required to be sent to them. The books of account shall at all times be open to inspection by any director.

The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the Association with such depositaries as may be designated by the Board. The Treasurer shall disburse the funds of the Association as may be ordered by the Board, shall render to the President and the directors, whenever they request it, an

account of all 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.

The Treasurer shall cause an annual audit of the Association's books to be made by a public accountant at the completion of each fiscal year and shall prepare an annual budget and a statement of income and expenditures. A copy of the audit and the budget and statement of income and expenditures shall be delivered to members as provided in the Declaration.

ARTICLE VI

OBLIGATIONS OF THE OWNERS

Section 1. Assessments.

(a) Regular Assessments. In accordance with subsection (c) of Section 2 of Article IV of these Bylaws, the Board shall fix and determine from time to time regular assessments to be paid by each Owner for the purpose of operating, maintaining and repairing the Common Area and Recreation Area, paying the necessary expenditures of the Association as provided in these Bylaws and the Declaration and establishing an operating reserve fund and reserve for replacement, all as set forth in the Declaration.

(b) Special Assessments. In accordance with subsection (c) of Section 2 of Article IV of these Bylaws, in addition to the regular assessments authorized above, the Board may levy special assessments for the purpose of defraying, in whole or in part, the cost of any capital improvement to the Common Area or Recreational Area, or such other purpose as may be determined by the Board, all as set forth in the Declaration.

(c) Lien Rights. As provided in the Declaration, the Association shall have a lien against the interest of each Owner in the Condominium Property to secure the full and prompt payment of all assessments levied by the Association in compliance with these Bylaws, and in the event of default by any Owner, said interest of such Owner may be foreclosed by the Association in the same manner as a realty mortgage or may be enforced by sale pursuant to Sections 2932, 2924(a), 2924(b), 2924(c) and 1356 of the California Civil Code, and to that end a power of sale is hereby conferred upon the Association, and any redemption thereafter shall be subject to the lien hereby created as to other or future events of default; provided, however, that

the lien hereby created shall, at all times, be subordinate and inferior to the lien of any bona fide first Mortgage given for value which now exists or is hereafter placed on the Condominium Property or any part thereof.

Any assessments which are not paid when due shall be delinquent. If the assessments are not paid within thirty (30) days after the due date, the assessments shall bear interest from the due date at the rate of six percent (6%) per annum, and the Association may bring an action at law against the member personally obligated to pay the same and, in addition thereto or in lieu thereof, may foreclose the lien above provided, and interest, costs and reasonable attorney's fees incurred in any such action shall be added to the amount of such assessments. No member may waive or otherwise escape liability for the assessments provided for hereby by nonuse of the Common Area, Recreation Area or abandonment of his Living Unit.

Section 2. Maintenance and Repair.

(a) Every owner must perform promptly all maintenance and repair work within his own unit, which if omitted would affect the project in its entirety or in a part belonging to other owners, being expressly responsible for the damages and liabilities that his failure to do so may engender.

(b) All the repairs or internal installations of the unit such as water, lights, gas, power, sewage, telephone, air conditioners, sanitary installations, doors, windows, lamps and all other accessories belonging to the unit area shall be at the owner's expense.

(c) An owner shall reimburse the Association for any expenditures the Association may incur in repairing or replacing any common area and facility damaged through the owner's fault.

Section 3. Use of Family Units - Internal Changes.

(a) All units shall be utilized for residential purposes only.

(b) An owner shall not make structural modifications or alterations in his unit or installations located therein without previously notifying the Association in writing, through the Management Agent, if any, or through the President of the Board of Directors, if no Management Agent is employed. The Association shall have the obligation to answer within thirty (30) days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

Section 4. Right of Entry.

(a) An owner shall grant the right of entry to the Management Agent or to any other person authorized by the Board of Directors or the Association in case of any emergency originating in or threatening his unit, whether the owner is present at the time or not.

(b) An owner shall permit other owners, or their representative, when so required, to enter his unit for the purpose of performing installations, alterations, or repairs to the mechanical or electrical services, provided that requests for entry are made in advance and that such entry is at a time convenient to the owner. In case of an emergency, such right of entry shall be immediate.

Section 5. Rules of Conduct. Rules of conduct and use of the living units and Common Area shall be as set forth in Article VI of the Declaration.

Section 6. Compliance. Each owner, lessee and tenant shall be bound by the provisions of the Declaration, these Bylaws and the rules and regulations from time to time adopted by the Board of Directors and in acknowledgment thereof shall execute a form provided by the Association. Each owner shall be responsible for providing copies of said documents to his lessee or tenant, and for obtaining said lessee or tenant's signed Acknowledgment form.

ARTICLE VII

OTHER PROVISIONS

Section 1. Inspection of Corporate Records. Subject to Sections 8330, 8331, and 8332 of the California Nonprofit Mutual Benefit Corporation Law, a member may do either or both of the following for a purpose reasonably related to such member's interest as a member:

(a) Inspect and copy the record of all the members' names, addresses, and voting rights, at reasonable times, upon five (5) business days' prior written demand upon the Association, which demand shall state the purpose for which the inspection rights are requested; or

(b) Obtain from the Secretary of the Association, upon written demand and tender of a reasonable charge, a list of the names, addresses, and voting rights of those members entitled to vote for the election of directors, as of the most recent record date for which it has been compiled or as of a date specified by a member subsequent to the date of demand. The demand shall state the purpose for

which the list is requested. The Secretary shall make the membership list available on or before the later of ten (10) business days after the demand is received or after the date specified therein as the date as of which the list is to be compiled.

The Association may, within ten (10) business days after receiving a demand, as set forth above in Paragraph (a) or (b) of this Section 1, deliver to the person(s) making the demand a written offer of an alternative method of achieving the purpose identified in said demand without providing access to or a copy of the membership list. Any rejection of the Association's offer shall be in writing and shall indicate the reasons the alternative proposed by the Association does not meet the proper purpose of the demand made pursuant to Paragraph (a) or (b) of this Section 1.

The accounting books and records and minutes of proceedings of the members of the Board and committees of the Board shall be open to inspection upon written demand on the Association of any member at any reasonable time for a purpose reasonably related to such person's interests as a member.

Section 2. Inspection of Articles and Bylaws. The Association shall keep in its principal office in the State of California the original or a copy of its Articles and of these Bylaws as amended to date, which shall be open to inspection by members at all reasonable times during office hours. If the Association has no office in the State of California, it shall upon the written request of any member furnish to such member a copy of the Articles or Bylaws as amended to date.

Section 3. Endorsement of Documents; Contracts. Subject to the provisions of applicable law, the Declaration, any note, mortgage, evidence of indebtedness, contract, conveyance, or other instrument in writing and any assignment or endorsement thereof executed or entered into between the Association and any other person, when signed by the Chairman of the Board, the President or any Vice President, and the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer of the Association shall be valid and binding on the Association in the absence of actual knowledge on the part of the other person that the signing officers had no authority to execute the same. Any such instruments may be signed by any other person or persons and in such manner as from time to time shall be determined by the Board, and, unless so authorized by the Board, 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 amount.

Section 4. Representation of Shares of Other Associations. The President or any other officer or officers authorized by the Board or the President are each authorized to vote, represent, and exercise on behalf of the Association all rights incident to any and all shares of any other association or associations standing in the name of the Association. The authority herein granted may be exercised either by any such officer in person or by any other person authorized so to do by proxy or power of attorney duly executed by said officer.

Section 5. Construction and Definitions. Unless the context otherwise requires, the general provisions, rules of construction, and definitions contained in the General Provisions of the California Nonprofit Corporation Law and in the California Nonprofit Mutual Benefit Corporation Law shall govern the construction of these Bylaws.

Section 6. Amendments. These Bylaws may be amended or repealed by approval of the members at a duly constituted meeting or by written consent as provided herein or by the approval of the Board; provided, however, that members must approve any action that would: (a) materially and adversely affect the rights of members as to voting, dissolution, or redemption, or transfer of memberships; (b) increase or decrease the number of memberships authorized in total or for any class; (c) effect an exchange, reclassification, or cancellation of all or any part of the memberships; (d) authorize a new class of membership; or (e) specify or change a fixed number of directors or the maximum or minimum number of directors or change from a fixed to a variable number of directors or vice versa. The power of members to approve the repeal or amendment of Bylaws is subject to the further approval of the members of a class if such action would: (a) materially and adversely affect the rights, privilege, preferences, restrictions, or conditions of that class as to voting, dissolution, redemption, or transfer of memberships in a manner different than such action affects another class; (b) materially and adversely affect such class as to voting, dissolution, redemption, or transfer of memberships by changing the rights, privileges, preferences, restrictions, or conditions of another class; (c) increase or decrease the number of memberships authorized for such class; (d) increase the number of memberships authorized or another class; (e) effect an exchange, reclassification, or cancellation of all or part of the memberships of such class; or (f) authorize a new class of memberships.

ARTICLE VIII

INDEMNIFICATION

Section 1. Definitions. For the purposes of this Article VIII, "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 association, partnership, joint venture, trust, or other enterprise, or was a director, officer, employee, or agent of a foreign or domestic association which was a predecessor association of the Association or of another enterprise at the request of such predecessor association; "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 Section 4 or 5(c) of this Article VIII.

Section 2. Indemnification in Actions by Third Parties. The Association shall have power to indemnify any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the Association to procure a judgment in its favor, an action brought under Section 5233 of the California Nonprofit Public Benefit Corporation Law, or an action brought by the Attorney General or a person granted relator status by the Attorney General for any breach of duty relating to assets held in charitable trust) 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.

Section 3. Indemnification of Actions by or in the Right of the Association. The Association shall have the power to 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, or brought under Section 5233 of the California Nonprofit Public Benefit Corporation Law or brought by the Attorney General or a person granted relator status by the Attorney General for breach of duty relating to assets held in charitable trust, 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 Section 3:

(a) In respect of any claim, issue, or manner 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 proceeding is or was pending 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;

(b) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or

(c) Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval, unless such action concerns assets held in charitable trust and is settled with the approval of the Attorney General.

Section 4. Indemnification Against Expenses. To the extent that an agent of the Association has been successful on the merits in defense of any proceeding referred to in Section 2 or 3 of this Article VIII 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.

Section 5. Required Determination. Except as provided in Section 4 of this Article VIII, any indemnification under this Article VIII 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 Section 2 or 3 of this Article VIII by:

(a) A majority vote of a quorum consisting of directors who are not parties to such proceedings;

(b) Approval of the members, with the persons to be indemnified not being entitled to vote thereon; or

(c) 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.

Section 6. Advance of Expenses. 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 Article VIII.

Section 7. Other Indemnification. No provision made by the Association to indemnify its or its subsidiary's directors or officers for the defense of any proceeding, whether contained in the Articles, Bylaws, a resolution of members or directors, an agreement, or otherwise, shall be valid unless consistent with this Article VIII. Nothing contained in this Article VIII shall affect any right to indemnification to which persons other than such directors and officers may be entitled by contract or otherwise.

Section 8. Forms of Indemnification Not Permitted. No indemnification or advance shall be made under this Article VIII, except as provided in Section 4 or 5(c), in any circumstances where it appears:

(a) That it would be inconsistent with a provision of the Declaration, 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

(b) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

Section 9. Insurance. The Association shall have power to 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 Article VIII.

Section 10. Nonapplicability to Fiduciaries of Employee Benefit Plans. This Article VIII 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 Section I of this Article VIII. The Association shall have power to indemnify such trustee, investment manager, or other fiduciary to the extent permitted by subdivision (f) of Section 207 of the California General Corporation Law.

ARTICLE IX

EMERGENCY PROVISIONS

Section 1. General. The provision of this Article IX shall be operative only during a national emergency declared by the President of the United States or the person performing the President's functions, or in the event of a nuclear, atomic, or other attack on the United States or a disaster making it impossible or impracticable for the Association to conduct its business without recourse to the provisions of this Article IX. Said provisions in such event shall override all other Bylaws of the Association in conflict with any provisions of this Article IX, and shall remain operative so long as it remains impossible or impracticable to continue the business of the Association otherwise, but thereafter shall be inoperative; provided that all actions taken in good faith pursuant to such provisions shall thereafter remain in full force and effect unless and until revoked by action taken pursuant to the provisions of the Bylaws other than those contained in this Article IX.

Section 2. Unavailable Directors. All directors of the Association who are not available to perform their duties as directors by reason of physical or mental incapacity or for any other reason or who are unwilling to perform their duties or whose whereabouts are unknown shall automatically cease to be directors, with like effect as if such person had resigned as directors, so long as such unavailability continues.

Section 3. Authorized Number of Directors. The authorized number of directors shall be the number of directors remaining after eliminating those who have ceased to be directors pursuant to Section 2.

Section 4. Quorum. The number of directors necessary to constitute a quorum shall be the number bearing the same proportional relationship to the number of directors remaining pursuant to Section 2 as the quorum established in Article IV, Section 9 bears to the authorized number of directors set forth in Article IV, Section 3.

Section 5. Directors Becoming Available. Any person who has ceased to be a director pursuant to the provisions of Section 2 and who thereafter becomes available to serve as a director shall automatically resume performing the duties and exercising the powers of a director unless the term of office of such person has expired in accordance with its original terms and a successor has been selected and qualified.

ARTICLE X

FINANCIAL RECORDS

Section 1. Financial Statements. The Board shall cause a financial statement (including a balance sheet and income and expense statement) of the affairs of the Association to be made as of the last day of each fiscal year of the Association. Said financial statement shall reflect the financial condition of the Association as of said date and shall summarize the financial transactions in which the Association was involved during the period between the close of the first sale of a Condominium or the last of such financial statements and the date of the current financial statement. Said financial statement shall include an external audit by an independent public accountant for each fiscal year of the Association, and a copy of the financial statement shall be distributed personally or by mail to each member of the Association and, upon written request, to all first Mortgagees within ninety (90) days following the end of each fiscal year.

Section 2. Budget. The Board shall cause a pro forma operating statement (budget) for the Association to be prepared for the second and each succeeding fiscal year of the Association, a copy of which shall be distributed personally or by mail to each of the members of the Association not less than sixty (60) days prior to the beginning of the fiscal year to which the budget relates.

ARTICLE XI

INSURANCE

Section 1. Property Insurance. The Association shall obtain and continue in effect blanket property insurance in an amount equal to the maximum insurable replacement value as determined annually by the insurance company affording such insurance coverage. Said policy shall contain the standard extended coverage endorsement including coverage for the payment of common expenses with respect to damaged units in the period of reconstruction, and said

endorsement shall provide coverage against such other risks including but not limited to vandalism, mischievous mischief, and windstorm and water damage. Any and all policies obtained pursuant to this paragraph shall provide that the coverage therein shall not be terminated for non-payment of premiums without ten (10) days' written notice of such non-payment having been made to each unit mortgagee.

Section 2. Other Insurance. The Association shall obtain and continue in effect public liability and property damage insurance and other insurance, including workmen's compensation insurance, if required, and all such insurance shall contain cross-liability endorsements to cover liabilities of the unit owners as a group to each individual unit owner. Said policies shall provide that coverage shall not be terminated for non-payment of premiums without ten (10) days' written notice of such non-payment having been made to each unit mortgagee.

Section 3. Beneficiaries. All insurance purchased pursuant to these Bylaws shall be purchased for the benefit of the individual unit owners and their respective mortgagees as therein may appear, but such purchase shall be without prejudice to the right of the individual unit owners to obtain individual condominium insurance; provided, however, that in no event shall the obtaining of such individual insurance by the owner relieve the Association of its obligation to obtain the insurance herein indicated.

Section 4. Common Expense. Insurance premiums for any blanket insurance coverage shall be a common expense to be included in the monthly (or special) assessments levied by the Association; and the portion of such payments necessary for the insurance premiums shall be held in a separate escrow account of the Association and used solely for the payment of the blanket property insurance premiums as such premiums become due.

ARTICLE XII

MISCELLANEOUS

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

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

Section 3. Contracts, Etc. How Executed. The Board, except as in the Bylaws otherwise provided, may authorize any officer or officers or agent or agents to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

CERTIFICATE OF SECRETARY

I, the undersigned, hereby certify:

1. That I am the duly elected and acting Secretary of VISTA LA JOLLA TOWNHOMES ASSOCIATION, a California corporation.

2. That the foregoing Bylaws, comprising 32 pages including this page, constitute the Bylaws of such Association as duly adopted at a meeting of the members duly held on November 4, 1981.

IN WITNESS WHEREOF, I have hereunto subscribed my name on November 17, 1981.



Secretary

VISTA LA JOLLA TOWNHOMES ASSOCIATION

ACKNOWLEDGMENT

I, the undersigned, hereby acknowledge that I have been provided with copies of the Declaration of Restrictions of the Association, its Bylaws and its published rules and regulations and confirm my obligation to comply with the provisions thereof.

Date: _____

(Signature of Owner)

(Signature of Tenant, if applicable)

(Address of Unit)

(Telephone Number)

(Address of Owner if other than Unit address)

(Telephone Number of Owner)