

BYLAWS

OF

VISTA TASSAJARA HOMEOWNERS ASSOCIATION

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BYLAWS  
OF  
VISTA TASSAJARA HOMEOWNERS ASSOCIATION

ARTICLE I

NAME AND LOCATION

The name of this corporation is Vista Tassajara Homeowners Association. The county in the State of California where the principal office for the transaction of the business of the Association is located is the County of Contra Costa. The principal office is hereby fixed and located within the Covered Property, or as close thereto as practicable in the County. The Board is hereby granted full power and authority to change said principal office from one location to another within the County.

ARTICLE II

DEFINITIONS

All terms as used in these Bylaws shall, unless stated otherwise herein, be defined as set forth in that certain Declaration of Covenants, Conditions and Restrictions which defines the Association named herein in the Article thereof entitled "Definitions" and which has been or will be recorded by Standard Pacific, L.P., a Delaware limited partnership in the Official Records, and any amendments thereto (the "Declaration"). All of the terms and provisions of said Declaration and any amendments thereto are hereby incorporated herein by reference.

ARTICLE III

MEETINGS OF THE ASSOCIATION

Section 3.01 - Annual Meetings. The first annual meeting of the Members shall be held not later than forty-five (45) days after fifty-one percent (51%) of the Lots located within the First Phase have been conveyed or within six (6) months after the first conveyance of a Lot, whichever occurs first, and each subsequent regular annual meeting of the Members shall be held on or about the anniversary date of the first annual meeting as fixed by resolution of the Board.

Section 3.02 - Place of Meeting. All meetings of Members shall be held within the Covered Property or at a meeting place as

close thereto as possible as may be fixed from time to time by resolution of the Board. Unless unusual conditions exist, Members meetings shall not be held outside of the County.

Section 3.03 - Special Meetings. Special meetings of the Members for any purpose shall be called at any time by resolution of the Board or upon receipt by the president, vice president or secretary of a written request for a special meeting signed by Members representing at least five percent (5%) of the total voting power of the Association.

Section 3.04 - Notice of Meetings. Written notice of meetings, annual or special, shall be given in the manner prescribed in the Declaration to each Member entitled thereto. Notice of special meetings called pursuant to a written request signed by Members representing at least five percent (5%) of the voting power of the Association shall be delivered to the Members entitled to vote within twenty (20) days after receipt of such written request and, except as otherwise provided in the Association Management Documents for particular actions such as, and without limitation, the Article entitled "Enforcement of Bonded Obligations" of the Declaration, the meeting will be held not less than thirty-five (35) nor more than ninety (90) days after the receipt of the written request for such meeting. Except as provided above, notices of all other meetings, annual or special, shall be sent not less than ten (10) days nor more than ninety (90) days before each meeting, and shall specify the place, the date and the time of such 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 regular meeting, those matters which the Board, at the time the notice is given, intends to present for action by the Members. Any proper matter may be presented at a regular meeting for action, provided, however, that any approval of the Members required to remove a director without cause, to fill a vacancy on the Board, to ratify a transaction between the Association and one or more of its directors, to approve amendments to the Articles, or to elect to voluntarily wind-up and dissolve the Association shall be valid only if the general nature of the proposal so approved was stated in the notice of meeting or in any written waiver of notice. 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 given to Members.

Section 3.05 - Waiver of Notice. The transactions of any meeting of Members, however called and noticed, and wherever held, are as valid as though had at a meeting 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 within the Association records or made a part of the minutes of the meeting. Except as provided in the Section entitled "Notice of Meetings" of this Article, 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.

Section 3.06 - Quorum. The presence at the meeting of Members or proxies or any combination thereof entitled to cast a majority of the voting power of the Association shall constitute a quorum for any action except as otherwise provided in the Association Management Documents. 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 voting power required to constitute a quorum. If any meeting cannot be held because a quorum is not present, the Members present, either in person or by proxy, may 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 requirements for such adjourned meeting shall be thirty-three and one-third percent (33-1/3%) of the voting power of the Association. If after the adjournment a new record date is fixed for notice or voting, a notice of the adjourned meeting shall be given to each Member who, on the record date for notice of the meeting, is entitled to vote at the meeting. When any meeting of Members, either annual or special, is adjourned for any reason (including, without limitation, that a quorum was not present) for more than thirty (30) days or if the time and place for the adjourned meeting are not announced at the original meeting, or if a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given in the manner prescribed for the original meeting.

Section 3.07 - Approval of the Members. The voting rights of the Members are more particularly described in the Article entitled "The Association" of the Declaration. Except where a greater portion of the voting power is required by the Association Management Documents, a majority of the votes represented, in person or by proxy, and voting at a duly held meeting at which a quorum is present (which affirmative votes also constitute a majority of the required quorum) shall constitute approval of the Members and prevail at all meetings.

Section 3.08 - Action Without Meeting.

(a) Pursuant to Section 7513 of the California Corporations Code, any action which may be taken by the vote of the Members at

a regular or special meeting, except the election of directors, may be taken without a meeting if the Association distributes a written ballot to every Member entitled to vote on the matter. Such ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Association.

(b) Approval by written ballot pursuant to this Section shall be valid only when the number of votes cast by ballot within the specified time period equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve such action at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

(c) Ballots shall be solicited in a manner consistent with the requirements of Sections 7511(b) and 7514 of the California Corporations Code as set forth in the Sections entitled "Notice of Meetings" and "Voting by Proxy or Written Ballot" of these Bylaws. All such solicitations shall indicate the number of responses needed to meet the quorum requirement and shall state the percentage of approvals necessary to pass the measure submitted. The solicitation must specify the time by which the ballot must be received in order to be counted.

(d) A written ballot may not be revoked.

#### Section 3.09 - Proxies.

(a) 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 unless otherwise provided in the proxy, except that the maximum term of any proxy shall be three (3) years from the date of execution. All proxies must satisfy the requirements of Section 7613 of the California Corporations Code.

(b) Any revocable proxy concerning certain matters which require a vote of the Members is not valid as to such matters unless it sets forth the general nature of the matter to be voted on. These certain matters are as follows:

- (i) removal of a director without cause;
- (ii) filling vacancies on the Board created by removal of a director;

- (iii) approval of transactions involving directors;
- (iv) amendment of the Articles or Bylaws repealing, restricting, creating or expanding proxy rights;
- (v) sale, lease, conveyance, exchange, transfer or other disposition of all or substantially all of the assets of the Association;
- (vi) merger of the Association with another corporation;
- (vii) amendment of an agreement of merger;
- (viii) voluntary dissolution of the Association;
- (ix) distribution of the Association's assets upon dissolution.

Section 3.10 - Vote by Proxy or Written Ballot. Any form of proxy or written ballot distributed by any person to the Members shall afford an opportunity on the proxy or written ballot to specify a choice between approval and disapproval of each matter or group of matters which, at the time the proxy or written ballot is distributed, are intended to be acted upon at the meeting for which the proxy is solicited or by such written ballot, except that it shall not be mandatory that a candidate for election to the Board be named in the proxy or written ballot. The proxy or written ballot shall provide, subject to reasonable specified conditions, that where the Member solicited specifies a choice with respect to any such matter the vote shall be cast in accordance therewith. The proxy shall also identify the person or persons authorized to exercise the proxy and the length of time it will be valid.

#### ARTICLE IV

##### ELECTION OF DIRECTORS

Section 4.01 - Number and Qualification. The Board shall consist of five (5) directors until changed by an amendment to this Section of these Bylaws. A person may serve as a director without being a Member.

Section 4.02 - Election and Term. Until the holding of the first annual meeting of the Members the incorporator of the Association may do whatever is necessary and proper to perfect the organization of the Association, including the adoption of these Bylaws and the appointment of the first directors and officers. All positions on the Board shall be filled at the first annual meeting. Of the directors who are elected, the two (2) directors



who received the lowest number of votes shall be elected to serve two (2) year terms and the remaining directors that were elected shall be elected to serve four (4) year terms. Upon the expiration of such terms, all successor directors shall be elected to four (4) year terms.

Election of directors shall be by secret written ballot. All directors shall hold office until their respective successors are elected.

Section 4.03 - Election Committee. An Election Committee shall 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 shall be a member of the Board, and two (2) other persons who shall be Members; provided, however, as long as Declarant controls more than twenty-five percent (25%) of the voting power of the Association, the Board may appoint persons who are not Members to the Election Committee. 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 by any Member present at a meeting in person or by proxy.

Section 4.04 - 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.

No Member shall be entitled to cumulate votes for a candidate or candidates unless such candidate's name or candidates' names have been placed in nomination prior to the voting and the Member either in person or by proxy has given notice at the meeting, prior to the voting, of the Member's intention to cumulate votes. If any one Member has given such notice, all Members may cumulate their votes for candidates in nomination.

Section 4.05 - Removal of Directors. At any meeting of the Members of which notice has been properly given as provided in these Bylaws, the entire Board or any individual director may be removed from office as hereinafter set forth, provided that the same notice of said meeting has also been given to said entire Board or any individual director whose removal is to be considered at said meeting. The entire Board or any individual director may be removed from office without cause by a majority

of the votes cast in the voting on any motion or resolution for removal (if such affirmative votes also constitute a majority of the required quorum); provided, however, that if the Association has fewer than fifty (50) Members, then such removal must be approved by an affirmative vote of a majority of all the votes entitled to be cast. However, unless the entire Board is removed, an individual director shall not be removed prior to the expiration of his term of office when the votes cast against removal, or not consenting in writing to such removal, would be sufficient to elect such 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 directors were then being elected. Upon any such motion or resolution for removal, every Member may cumulate his vote or votes, as the case may be, in the same manner as provided for the election of directors in these Bylaws. In the event that any or all directors are so removed, new directors may be elected at the same meeting.

Section 4.06 - Vacancies. A vacancy or vacancies shall be deemed to exist on the Board in case of the death, resignation 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.

Vacancies on the Board, except for a vacancy created by the removal of a director, 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. 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 who will 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 4.07 - Special Voting Rights. Notwithstanding the provisions of this Article or any other provision of the Association Management Documents, as long as there is a Class B membership or the majority of the voting power of the Association resides in the Declarant, not less than twenty percent (20%) of

the total number of directors shall have been elected by Members other than Declarant and any such director(s) may only be removed by the vote or written assent of a majority of the Members other than Declarant. Any vacancy caused by the death, resignation or removal of any such director may only be filled by the vote of a majority of the voting power of the Members other than Declarant.

## ARTICLE V

### MEETINGS OF THE BOARD

#### Section 5.01 - Regular Meetings.

(a) Organizational 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.

(b) Other Regular Meetings. Other regular meetings of the Board may be held without notice if the time and place of such meetings are fixed by resolution of the Board. In no event shall regular meetings of the Board be held less than once every six (6) months.

Section 5.02 - Special Meetings. Special meetings of the Board for any purpose may be called at any time by the President, or by any two (2) directors other than the President.

Section 5.03 - Place of Meetings. All meetings of the Board shall be held at the principal office of the Association, or at any other place or places within the Covered Property designated at any time by resolution of the Board or by written consent of all members of the Board unless in the judgment of the Board a larger meeting room is required than exists within the Covered Property in which case the meeting room selected shall be as close as possible to the Covered Property.

Section 5.04 - Notice of Meetings. Notice of the time and place of any regular meeting shall be communicated to directors not less than four (4) days prior to the meeting unless the time and place of such meeting has been fixed by resolution of the Board. Written notice of the time and place of a special meeting and the nature of any special business to be considered thereat shall be either delivered personally to the directors or sent to each director by letter or by telegram, postage or charges prepaid, addressed to him at his address as it is shown upon the records of the Association. In case such notice is delivered personally to the directors, such delivery must occur not less than seventy-two (72) hours prior to the scheduled time of the meeting. In case such notice is mailed or telegraphed, it shall be deposited

in the United States Mail or delivered to the telegraph company at or near the place in which the principal office of the Association is located at least four (4) days (if by mail) or seventy-two (72) hours (if by telegraph) prior to the scheduled time of the meeting. Such mailing, telegraphing or delivery as provided herein shall be due, legal and personal notice to each such director. A similar notice of each such meeting shall also be posted at a prominent and accessible place or places within the Nonexclusive Use Common Area not less than four (4) days prior to the meeting.

Section 5.05 - 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 for more than twenty-four (24) hours, notice of any adjournment to another time and place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of adjournment.

Section 5.06 - Waiver of Notice. Notice of any meeting of the Board need not be given to any director who signed 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 or approvals shall be filed with the records of the Association or made a part of the minutes of the meeting.

Section 5.07 - Quorum. A majority of the number of directors as fixed by these Bylaws shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinbefore 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, or such greater number as is required by statute or under any of the Association Management Documents.

Section 5.08 - Attendance 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 personnel matters, litigation in which the Association is or may become involved and other similar matters requiring confidentiality. The nature of

any and all business to be so considered in executive session shall first be announced in open session.

Section 5.09 - Action Without 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 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. If the Board resolves by unanimous written consent to take action, an explanation of the action taken shall be posted at a prominent place or places within the Nonexclusive Use Common Area within three (3) days after the written consents of all Board members have been obtained.

Section 5.10. - Telephonic Attendance. Members of the Board may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another. Participation in a meeting pursuant to this Section constitutes presence in person at such meeting.

## ARTICLE VI

### POWERS, DUTIES AND LIMITATIONS

Section 6.01 - Powers and Duties. Subject to limitations of the Association Management Documents and of the California Corporations Code as to action to be authorized or approved by the Members and Eligible Mortgage Holders, 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 and duties, to wit:

(a) Association Management Documents: the duty to enforce the provisions of the Association Management Documents and other instruments for the ownership, management and control of the Covered Property and to carry out the obligations of the Association including without limitation the right to levy Assessments;

(b) Real and Personal Property Taxes: the duty to pay any taxes and assessments which are, or could become, a lien on the Association Property or any portion thereof;

(c) Insurance: contract for insurance on behalf of the

Association or its Members pursuant to the Article entitled "Insurance" of the Declaration;

(d) Contracts for Goods and Services: the power to contract for goods and/or services for the Common Facilities and interests, for the benefit of the Owners and for the Association;

(e) Delegation of Powers: the power to delegate to committees, officers, employees or agents any of its duties and powers under the Association Management Documents; provided, however, no such delegation to a professional management company, the Architectural Committee or otherwise shall relieve the Association of its obligation to perform such delegated duty;

(f) Budgets and Financial Statements: the duty to prepare budgets and financial statements for the Association as prescribed in the Bylaws;

(g) Rules and Regulations: the power to formulate rules of operation for the Association Property and facilities owned or controlled by the Association, including without limitation, the right to limit the number of guests of Owners and the use of the recreational facilities, if any, on the Nonexclusive Use Common Area by persons not in possession of a Lot but owning a portion of the interest in a Lot required for membership;

(h) Disciplinary Proceedings: the duty to initiate and execute disciplinary proceedings against Owners for violations of provisions of the Association Management Documents in accordance with the procedures set forth in the Bylaws;

(i) Right of Entry: the power to enter upon any Lot as necessary to discharge its powers and obligations under the Association Management Documents which include the construction, maintenance or emergency repair for the benefit of the Common Area or the Owners. Entry may be made without notice in the event of any emergency repair involving potential danger to life or property or as necessary to repair or maintain the Common Area so as not to deprive other Owners of the proper use thereof, for example, but without limitation, the repair of utility installations or structures that service other Lots and for any emergency involving illness. Entry for any other allowable purpose shall be made at any reasonable time, after notice to the Owner of not less than three (3) days. Any entry shall be made with as little inconvenience to the Owners as practicable;

(j) Election of Officers: the duty to elect officers of the Board pursuant to the Section entitled "Officers" of the Article entitled "Officers" of the Bylaws;

(k) Vacancies on the Board: the power to fill vacancies on the Board except vacancies created by the removal of a director

or by the death or resignation of the director elected by Members other than Declarant;

(l) Manage Property: the duty to maintain and otherwise manage: (i) all easements and real property and all facilities, Improvements and landscaping thereon in which the Association holds an interest, subject to the terms of any instrument transferring such interest to the Association, (ii) all personal property in which the Association holds an interest, subject to the terms of any instrument transferring such interest to the Association, and (iii) all property, real or personal, which the Association is obligated to repair or maintain pursuant to the Association Management Documents including without limitation, the Article entitled "Repair and Maintenance" of the Declaration;

(m) Contribution to Reserves: the duty to accept and administer on behalf of and for the benefit of the Owners any initial working capital fund or contingency reserve fund established by the Declarant, if any, pursuant to an agreement between the Declarant and any of the Federal Agencies;

(n) Provide Documents and Statements: the duty to, within ten (10) days of the delivery of written request, provide an Owner with (i) a copy of the Association Management Documents, (ii) a copy of the most recent financial statement of the Association, and (iii) a true statement in writing as to the amount of any unpaid Assessments and information relating to Allowable Charges which as of the date of the statement are or may be made a lien upon such Owner's Lot;

(o) Grant Rights: the power to grant permits, licenses and easements on, over and under the Association Property for utilities, roads and other purposes not inconsistent with the intended use and occupancy of the Covered Property and reasonably necessary or useful for the proper maintenance or operation of the Covered Property, provided that such permits, licenses and easements shall not unreasonably interfere with the right of any Owner to the use and enjoyment of his Lot and the Nonexclusive Use Common Area;

(p) Contracts With Mortgagees: the duty to negotiate and enter into contracts with Mortgagees and mortgage insurers and guarantors as may be necessary and desirable to facilitate the availability of loans secured by Mortgages within the Covered Property;

(q) Borrow Money: the power to borrow money as may be needed in connection with the discharge by the Association of its powers and duties and for the purpose of improving, replacing or restoring the Common Area or adding new Common Area;

(r) Dedicate Association Property: the power to dedicate or transfer all or any part of the Association Property to any public agency, authority or utility or other entity;

(s) Special Tax Assessment District: the power to establish in cooperation with the Local Government a special tax assessment district for the performance of all or a portion of the maintenance and other functions now within the responsibility of the Association;

(t) Corporate Seal: the power to adopt and use a corporate seal;

(u) Membership Certificates: the power to issue appropriate membership certificates evidencing membership in the Association; and

(v) Tax-Exempt Status: the duty to conduct the business of the Association in such manner that the Association can qualify and be considered an organization exempt from federal and state income taxes pursuant to Internal Revenue Code Section 528 and California Revenue and Taxation Code Section 23701t, as amended. The Board shall cause to be timely filed any annual election for tax-exempt status as may be required under federal or state law, and shall undertake to cause the Association to comply with the statutes, rules and regulations which have been or shall be adopted by federal and state agencies pertaining to such exemption.

Section 6.02 - General Limitations and Restrictions. In addition to the limitations and restrictions enumerated elsewhere in the Association Management Documents, including without limitation, the Article entitled "Mortgagee Protection" of the Declaration and the Section entitled "Additional Contractual Restrictions" of this Article, the Board shall be prohibited from taking any of the following actions without the vote or written assent of a majority of the total voting power of Members other than the Declarant as such voting power is determined pursuant to the Section entitled "Voting Rights" of the Declaration.

(a) Long Term Contracts. enter 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 FHA and VA;

(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;

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

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

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

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

(b) Expenditures. incur aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the estimated Common Expenses for the fiscal year;

(c) Sale of Real or Personal Property. sell any real or personal property of the Association with an aggregate fair market value in excess of five percent (5%) of said estimated Common Expenses during any fiscal year;

(d) Compensation. pay compensation to directors or to officers of the Association for services performed in the conduct of the Association's business; provided, however, the Board may cause a director or officer to be reimbursed for expenses incurred in carrying on the business of the Association. 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.

Section 6.03 - Additional Contractual Restrictions. Any agreement for professional management and any other contract providing for services of the Declarant, developer, sponsor or builder shall not exceed three (3) years in duration and shall be terminable without cause upon ninety (90) days' or less written notice by either party without payment of a termination fee.

Section 6.04 - Record Date.

(a) For Notice: The Board may fix, in advance, a date as the record date for the purpose of determining the Members entitled to notice of any meeting of Members. Such record date shall not be more than sixty (60) days nor less than ten (10) days before the date of the meeting. If no record date is fixed, Members at the close of business on the business day preceding the day on which notice is given or, if notice is waived, at the close of business on the business day preceding the day on which the meeting is held are entitled to notice of a meeting of Members. A determination of Members 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.

(b) To Vote: The Board may fix, in advance, a date as the record date for the purpose of determining the Members entitled to vote at a meeting of Members. Such record date shall not be more than sixty (60) days before the date of the meeting. Such record date shall also apply in the case of an adjournment of the meeting unless the Board fixes a new record date for the adjourned meeting. If no record date is fixed, 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 day of the adjourned meeting who are otherwise eligible to vote are entitled to vote at the adjourned meeting of Members.

(c) To Cast Ballots: The Board may fix, in advance, a date as the record date for the purpose of determining the Members entitled to cast written ballots in accordance with the Section entitled "Approval of the Members" of the Article entitled "Meetings of the Association" of these Bylaws. Such record date shall not be more than sixty (60) days before the day on which the first written ballot is mailed or solicited. If no record date is fixed, Members on the day the first written ballot is mailed or solicited who are otherwise eligible to vote are entitled to cast written ballots.

(d) For Exercise of Rights: The Board may fix, in advance, a date as the record date for the purpose of determining the Members entitled to exercise any rights in respect of any other lawful action. Such record date shall not be more than sixty (60) days prior to such other action. If no record date is fixed, Members at the close of business on the day on which the Board adopts the resolution relating thereto, or the sixtieth (60th) day prior to the date of such other action, whichever is later, are entitled to exercise such rights.

Section 6.05 - Contracts; How Executed. The Board, except as otherwise provided in these Bylaws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board, 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 for any amount.

Section 6.06 - Indemnification. To the maximum extent permitted by and in accordance with the requirements and procedures of Section 7237 of the California Corporations Code as interpreted by the judiciary from time to time, the Association shall reimburse, indemnify and hold harmless each present and future director, officer, employee or other "agent" of the Association (as such term is defined in said Section 7237) and each person who, at the request of the Association, acts as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture or other enterprise, (hereinafter in this Section referred to as the "Association representative"), from and against all loss, cost, liability and expense which may be imposed upon or reasonably incurred by such Association representative including reasonable settlement payments, in connection with any claim, action, suit or proceeding, or threat thereof, made or instituted, in which such Association representative may be involved or be made a party by reason of being or having been an Association representative or by reason of any action alleged to have been taken or omitted by such Association representative in such capacity. The right of indemnification provided in this Section shall inure to each Association representative whether or not the claim asserted is based on matters which arose in whole or in part prior to the adoption of this Section, and in the event of the death of the Association representative, shall extend to the legal representatives of such person. The right of indemnification provided in this Section shall not be exclusive of any other rights to which any person, or any other individual, may be entitled as a matter of law, under any agreement or otherwise.

Section 6.07 - 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 or at any special meeting where such statement is requested in writing by one-fourth (1/4) of the Members entitled to vote thereat.

Section 6.08 - Executive Committee. Any executive committee, empowered to act with the authority of the Board, must consist of at least two (2) directors. Any such committee, to the extent provided in the resolution of the Board, shall have all the authority of the Board, except with respect to:

(a) the approval of any action for which the law requires approval of the Members or approval of a majority of all Members;

(b) the filling of vacancies on the Board or on any committee which has the authority of the Board;

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

(d) the appointment of other committees of the Board or the members thereof; and

(e) the approval of any self-dealing transaction with respect to assets held in charitable trust except as provided in Section 5233(d) of the California Corporations Code.

Section 6.09 - Officer and Director Liability. Until Section 1365.7 of the California Civil Code is amended to provide otherwise, any person who suffers bodily injury, including, but not limited to, emotional distress, or wrongful death as a result of the tortious act or omission of a volunteer officer or volunteer director of the Association shall not recover damages from a volunteer officer or volunteer director if all of the following criteria are met:

(a) The act or omission was performed within the scope of the officer's or directors' Association duties.

(b) The act or omission was performed in good faith.

(c) The act or omission was not willful, wanton, or grossly negligent.

(d) The Association maintained and had in effect at the time the act or omission occurred and at the time a claim is made general liability insurance in either of the following amounts:

(i) At least five hundred thousand dollars (\$500,000) if the Common Interest Development consists of 100 or fewer Lots.

(ii) At least one million dollars (\$1,000,000) if the Common Interest Development consists of more than 100 Lots.

The payment of actual expenses incurred by a director or officer in the execution of the duties of that position does not affect the director's or officer's status as a volunteer within the meaning of this section.

An officer or director who at the time of the act or omission received either direct or indirect compensation as an employee

from the Declarant, or from a financial institution that purchased a Lot at a judicial or nonjudicial foreclosure of a Mortgage is not a volunteer for the purposes of this section.

Nothing in this section shall be construed to limit the liability of the Association for its negligent act or omission or for any negligent act or omission of an officer or director of the Association.

This section shall only apply to a volunteer officer or director who resides in the Common Interest Development either as a tenant or as an Owner of no more than two Lots.

## ARTICLE VII

### OFFICERS

Section 7.01 - Officers. The officers shall be a President, a Vice President, a Secretary and a Chief Financial Officer 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. All offices except the President and Vice President may be held by someone who is not a member of the Board.

Section 7.02 - Election. The officers of the Association, except such officers as may be appointed in accordance with the provisions of the Sections entitled "Subordinate Officers" and "Vacancies" of this Article, shall be chosen annually by the Board and each shall hold his office until he shall resign or shall be removed or otherwise be disqualified to serve, or until his successor shall be elected and qualified.

Section 7.03 - Subordinate Officers. The Board may 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 7.04 - Removal and Resignation. Any officer may be removed, either with or without cause, by the vote of a majority of all the directors then in office at any regular or special meeting of the Board at which a quorum is present.

Any officer may resign at any time by giving written notice to the Board or to the President or to the Secretary of the Association. Any such resignation shall take effect as of 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 7.05 - Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled by election or appointment by the Board as prescribed in these Bylaws.

Section 7.06 - President. The President shall be the chief executive officer of the Association and shall, subject to the control of the Board, have general supervision, direction and control of the business and officers of the Association. The President shall preside at all meetings of the Members and of the Board. He shall be an ex officio member of all standing committees, if any, and shall have the general powers and duties of management usually vested in the office of the President of a corporation, and shall have other powers and duties as may be prescribed by the Board or these Bylaws.

Section 7.07 - 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 office of President. The Vice President shall have such other powers and perform such other duties as from time to time may be prescribed for him by the Board or the Bylaws.

Section 7.08 - Secretary. The Secretary shall keep, or cause to be kept, at the principal office or such other place as the Board may order, (i) a book of Minutes of all meetings and proceedings of the Board and its committees and of the Members, with the time and place of the holding of same, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present or represented at Members' meetings and the proceedings thereof and (ii) a record of the Members giving the names, addresses and telephone numbers and the class of membership held by each.

The Secretary shall give, or cause to be given, notice of all meetings of the Members and of the Board required by the Bylaws or by law to be given, and he shall keep the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board or by these Bylaws.

Section 7.09 - Chief Financial Officer. The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association. The books and records of account shall at all reasonable times be open to inspection by any director or by any Member.

The Chief Financial Officer shall deposit all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. He shall

render to the President and directors, whenever they request it, an account of all of his transactions as Chief Financial Officer 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 or these Bylaws.

## ARTICLE VIII

### FINANCIAL STATEMENTS AND INFORMATION

#### Section 8.01 - Financial and Related Information.

(a) Budgets and Statements. The following financial and related information shall be regularly prepared and distributed by the Board to all Members:

(i) Budget. A pro forma operating budget shall be distributed to each Member not less than forty-five (45) days nor more than sixty (60) days before the beginning of each fiscal year consisting of, without limitation, the following information:

(A) estimated revenue and expenses on an accrual basis;

(B) the amount of the total cash reserves of the Association currently available for replacement or major repair of Common Facilities and for contingencies;

(C) an itemized estimate of the current replacement costs of the estimated remaining useful life of, and the methods of funding used to defray the future repair, replacement or additions to major components of the Common Facilities and areas for which the Association is responsible; and

(D) a general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the future repair, replacement or additions to major components of the Common Facilities and areas for which the Association is responsible.

(ii) A balance sheet as of the Accounting Date (defined below) and an operating (income) statement for the period from the date of the first conveyance of a Lot to the Accounting Date shall be distributed to each Member within sixty (60) days after the Accounting Date. Said income statement shall include a schedule of Assessments received or receivable, itemized for each Lot within the Covered

Property and identified by the number of each Lot and the name of the person or entity assessed therefor.

As used in this subsection, "Accounting Date" shall mean the last day of the month closest in time to six (6) months from the date of the first conveyance of a Parcel.

(iii) A report containing the following shall be distributed to each Member within one hundred twenty (120) days after the close of the Association's fiscal year:

(A) a balance sheet as of the end of such fiscal year;

(B) an operating (income) statement for such fiscal year;

(C) a statement of changes in financial position for such fiscal year;

(D) a copy of the review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy for any fiscal year in which the gross income to the Association exceeds Seventy-five Thousand Dollars (\$75,000);

(E) a statement of the place where the names and addresses of the current Members may be found; and

(F) any information regarding insider transactions required to be reported by Section 8322 of the California Corporations Code.

(b) Certificate of Officer. If the report referred to in this subsection is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that such statement was prepared from the books and records of the Association without independent audit or review.

In lieu of the distribution of the financial statements required by subdivision (a), the Board may elect to distribute a summary of the financial statements to all Members with a written notice that the financial statements are available at the business office of the Association or at another suitable location within the boundaries of the Covered Property and that copies will be provided upon request and at the expense of the Association. If any Member requests copies of the financial statements described in this Section to be mailed to the Member, the Association shall provide the copies to such Member by first-class United States mail at the expense of the Association which shall be delivered



within five (5) days. The written notice that is distributed to each of the Members shall be in at least 10-point bold type on the front page of the summary of the statements.

(c) Statement of Practices and Remedies. In addition to financial statements, the Board shall annually distribute within sixty (60) days prior to the beginning of the fiscal year, a statement of the Association's policies and practices in enforcing its remedies against Members for defaults in the payment of its Assessments including the recording and foreclosing of liens against the Members' Lots.

(d) Operating and Reserve Account Control. The Board shall at least quarterly perform the following activities:

(i) cause a current reconciliation of the Association's operating accounts to be made and thereafter review such reconciliation;

(ii) cause a current reconciliation of the Association's reserve accounts to be made and thereafter review such reconciliation;

(iii) review the current year's actual reserve revenues and expenses compared to the current year's Budget;

(iv) review the most current account statements prepared by the financial institution where the Association has its operating and reserve accounts; and

(v) review an income and expense statement for the Association's operating and reserve accounts.

(e) Withdrawal From Reserves. Withdrawal of funds from the Association's reserve account shall require the signatures of either (i) two members of the Board or (ii) one member of the Board and an officer of the Association who is not also a member of the Board.

All other checks, drafts, or orders for payment of money, notes or other evidences of indebtedness issued in the name of or payable to the Association shall be signed or endorsed by such officer or officers, employee, employees, agent or agents of the Association and in such manner as, from time to time, shall be determined by resolution of the Board.

Section 8.02 - Rights of First Mortgagees. The Association must provide an audited statement for the preceding fiscal year of the Association to any holder, insurer or guarantor of any First Mortgage secured by a Lot who has submitted a written request therefor if an audited statement has been completed. In the event there is no audited statement available, any mortgage

holder shall have the right to have an audited statement prepared at its own expense.

## ARTICLE IX

### INSPECTION OF RECORDS

Section 9.01 - Availability of Documents. The Association Management Documents, the membership register including mailing addresses and telephone numbers, books and records of account, financial statements, minutes of meetings of the Members, of the Board and any committees of the Board, shall be made available for inspection and copying by any prospective purchaser of a Lot, any Member or his duly-appointed representative, any holder, insurer or guarantor of a First Mortgage secured by a Lot at any reasonable time during normal business hours or under other reasonable circumstances and for a purpose reasonably related to their interest as a prospective purchaser, Member, holder, insurer or guarantor, at the principal office of the Association or such other place within the Covered Property as the Board shall prescribe, all as provided in the California Corporations Code.

Section 9.02 - Rules For Inspection. The Board shall establish reasonable rules in conformance with California Corporations Code Section 8330 with respect to notice to be given to the custodian of the records by the Member desiring to make the inspection; hours and days of the week when such inspection may be made; and payment of the cost of reproducing copies of documents requested by a Member.

Section 9.03 - Inspection By Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association, all as provided in the California Corporations Code. Without limiting the generality of the foregoing, the right of inspection by a director includes the right to make extracts and copies of documents.

## ARTICLE X

### DISCIPLINE OF MEMBERS

Section 10.01 - Association Rules. The Board shall also have the power to adopt, amend, and repeal Association Rules which shall govern such matters in furtherance of the purposes of the Association, including, without limitation, the violation of use restrictions, the use of the Association Property, trash collection and disposal, maintenance obligations and the Penalty

Assessments or other discipline that may be imposed for failure to comply with any of the requirements of the Association Management Documents; provided, however, that the Association Rules may not discriminate among Owners and shall not empower the Association to suspend any Owner's right to use any portion of the Nonexclusive Use Common Area to gain access to his Lot or cause a forfeiture or abridgement of an Owner's right to the full use and enjoyment of his Lot on account of the failure of such Owner to comply with the provisions of the Association Management Documents, except by judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a power of sale for failure of the Owner to pay Assessments duly levied by the Association. A copy of the Association Rules as they may from time to time be adopted, amended or repealed or a notice setting forth the adoption, amendment or repeal of specific portions of the Association Rules shall be delivered to each Owner in the same manner established in the Declaration for the delivery of notices. Upon completion of the notice requirements, said Association Rules shall have the same force and effect as if they were set forth in and were part of the Declaration and shall be binding on the Owners and their successors in interest whether or not actually received thereby.

Section 10.02 - Enforcement. The Board shall have the right, after notice and hearing as hereinafter provided, to take disciplinary action against any Owner for a violation of any provision of the Association Management Documents, which includes, without limitation, the right to make necessary repairs or perform maintenance which is the responsibility of the Owner, levy Penalty Assessments, and/or suspend the voting rights and right to use the recreational facilities located within the Nonexclusive Use Common Area. A suspension of voting or other privileges may be imposed for a period of not more than thirty (30) days unless the infraction (including the nonpayment of Assessments) continues beyond such period of time in which event such suspension may be imposed for as long as the violation continues. A decision cannot be made and discipline cannot be imposed by the Association unless the Member is given fair and reasonable notice and a hearing. The procedural requirements are mandated by California Corporations Code Section 7341 and until such Section of the Corporations Code is amended or supplemented to provide otherwise, shall be as follows:

(a) Upon finding by the Board of a violation of any provision of the Association Management Documents for which notice and hearing is required, the Board shall give notice of the violation to the Owner which notice shall briefly describe the violation and set a date for a hearing before the Board or a committee selected by the Board for such purpose. The Board may delegate its powers under this Section to a duly appointed committee of the Association.

(b) Such hearing shall be held not less than thirty (30) days nor more than sixty (60) days from the date of said written notice to the accused Owner.

(c) Such hearing shall be conducted according to such reasonable rules and procedures as the Board shall adopt which shall provide the Owner with the right to present oral and written evidence and to confront and cross-examine any person offering at such hearing evidence adverse to such Owner. The Board or any such committee shall deliver to the accused Member within seven (7) days after the hearing a written decision which specifies the Penalty Assessment levied, if any, and the reasons therefor. In the event the correction of such violation (such as, and without limitation, a violation created by any installation, removal, repair, replacement, reconstruction or maintenance of Improvements) the Board or any such committee shall set another date by which the violation is to be corrected by the Owner. A decision of such committee may be appealed to the Board but a decision of the Board shall be final.

(d) If the violation is one that requires corrective work, and continues to exist after the time limitation imposed by a final decision of the Board or such committee, the Board or such committee may cause such corrective work to be accomplished. In such event the Board shall give written notice of such election to the violating Owner and the following shall apply:

(i) The Owner shall have no more than ten (10) days following receipt thereby of said written notice of election in which to select a day or days upon which such corrective work shall be accomplished;

(ii) The date which said Owner selects shall be not less than ten (10) days nor more than thirty (30) days following the last day of the ten (10) day period specified in such notice of election;

(iii) If said Owner does not select such day or days within the ten (10) day period specified in such notice of election, the Board or such committee may select a day or days upon which such corrective work may be accomplished which shall be not less than twenty-five (25) nor more than fifty-five (55) days from the last day of the ten (10) day period specified in such notice of election; and

(iv) Unless the Owner and the Board otherwise agree, such corrective work shall take place only during daylight hours on any day, Monday through Friday, excluding holidays.

(e) If the Association pays for all or any portion of such corrective work required to correct a violation, such amount shall be reimbursed by said Owner. Notwithstanding the

foregoing, as provided in the Declaration, judicial proceedings must be initiated before any item of construction can be altered or demolished.

## ARTICLE XI

### AMENDMENT PROVISIONS

Section 11.01 - Powers of Members. These Bylaws may be amended or repealed by the vote or written assent of a majority of the voting power of Members other than the Declarant as such voting power is determined pursuant to the Section entitled "Voting Rights" of the Article entitled "The Association" of the Declaration. Amendments must also comply with the requirements of the Article entitled "Amendment Provisions" of the Declaration and an amendment to this Section or any other Section of these Bylaws pertaining to voting rights must further have the approval of the voting power of the Declarant as provided in the Section entitled "Special Rights of Declarant" of the Article entitled "General Provisions" of the Declaration.

Section 11.02 - Record of Amendments. Whenever an amendment or new Bylaw is adopted it shall be placed in the book of Bylaws in the appropriate place. If any Bylaw is repealed, the fact of repeal, with the date of the meeting at which the repeal was enacted or written assent was filed, shall be stated in said book.

## ARTICLE XII

### MISCELLANEOUS

Section 12.02 - Singular Includes Plural. Wherever the context of these Bylaws requires same, the singular shall include the plural and the masculine shall include the feminine.

Section 12.02 - Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the thirty-first (31st) day of December of each year, except that the first fiscal year shall begin on the date of incorporation. However, the fiscal year of the Association is subject to change from time to time as the Board shall determine.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

(1) That I am the duly elected and acting secretary of Vista Tassajara Homeowners Association, a California nonprofit mutual benefit corporation; and

(2) That the foregoing Bylaws, comprising 26 pages constitute the original Bylaws of said corporation as duly adopted on \_\_\_\_\_, 19\_\_.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said corporation this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

  
Secretary