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 BYLAWS OF
 The Artaban Condominium Association, Inc.
A CALIFORNIA NONPROFIT MUTUAL BENEFIT CORPORATION

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BYLAWS
OF
The Artaban Condominium Association, Inc.
A CALIFORNIA NONPROFIT MUTUAL BENEFIT CORPORATION

ARTICLE I

NAME AND LOCATION

Section 1.01. Name.

The name of this corporation is The Artaban Condominium Association, Inc., a California nonprofit mutual benefit corporation and is hereinafter referred to as the "Association."

Section 1.02. Location.

The Association shall have its principal office at the condominium project site, located at 10 Atlantic Avenue, in the City of Long Beach, County of Los Angeles, State of California, or as close thereto as practicable as the Board may determine or as the affairs of the Association may require from time to time.

ARTICLE II

DEFINITIONS

Section 2.01. Declaration.

"Declaration," shall mean the Amended and Restated Declaration Establishing a Plan of Condominium Ownership for The Artaban Condominium, applicable for the property, recorded on the 9th day of MAY, 2005, as Instrument No. 05-1081732 in the Office of the County Recorder of Los Angeles County, as the same may be subsequently amended, supplemented or modified.

Section 2.02. Other Definitions.

Each and every definition set forth under Article I of said Declaration shall have the same meaning herein as therein and each and every such definition is incorporated herein by reference thereto.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 3.01. Membership.

The qualifications for membership, the classes of membership and the voting rights of members shall be as set forth under Article III of the Declaration, all of which provisions are incorporated herein by reference.

Section 3.02. Suspension of Voting Rights

The voting rights of any member may be suspended during any period when assessments owed by said member remain unpaid and delinquent or for failure by said member to comply with the provisions of the Declaration, these Bylaws, and the Association Rules and Regulations, pursuant to the notice and hearing requirements of Article III of the Declaration.

However, the Association is not empowered to cause a forfeiture or abridgement of an owner's rights to the full use and enjoyment of his individually owned Unit because of the failure of the owner to comply with the provisions of the Declaration, the Bylaws or duly enacted Association Rules and Regulations ~~for the operation and use of the Common Area and facilities, except by judgment of a court or a decision arising out of arbitration or because of a foreclosure or sale under a power of sale for failure of the owner to pay assessments duly levied by the Association.~~

ARTICLE IV

MEETING OF MEMBERS

Section 4.01. Place of Meetings.

All meetings of the members, annual and special, shall be held at a place within the project as designated by the Board, provided that if there is not an available or appropriate place within the condominium development, the Board shall designate a meeting place as close as possible to the project but in no event outside the County unless unusual conditions exist. In the absence of any designation, the meetings of members shall be held at the principal office of the Association.

Section 4.02. Annual Meetings.

The annual meeting shall be held on the second Tuesday in June. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following, which is not a legal holiday (excluding Saturday and Sunday).

Section 4.03. Special Meetings.

A special meeting of the members of the Association shall be promptly scheduled by the Board upon: (a) the vote by the majority of the Board itself; (b) a request by the President; or (c) written request for a special meeting signed by members representing at least twenty-five percent (25%) of the total voting power of the Association. If a special meeting is requested by any person other than the Board, the request shall specify the time, date, place and general nature of the business to be transacted and shall be delivered personally or by mail (postage prepaid) to an officer of the Board. The officer receiving the request that a special meeting be scheduled shall notify the members in accordance with the provisions of Section 4.04. Nothing herein shall be construed as limiting or affecting the time when a special meeting of members may be scheduled by action of the Board.

Section 4.04. Notice of Meetings.

Written notice of each members' meeting, annual or special, shall be given not less than ten (10) nor more than ninety (90) days before the date of the meeting to each member and to any mortgagee who has requested in writing to receive such notice. Any mortgagee, or its designated representative, shall be entitled to attend any such meeting, but shall not be entitled to vote at the meeting. The notice shall be given personally, or by putting a notice rolled up into a door handle of a member's Unit, or by postage pre-paid first-class, registered, or certified mail addressed to the member or mortgagee at the address of such member or mortgagee last appearing on the books of the Association or given by the member or mortgagee to the Association for purpose of notice. If no address appears or is given for any member, notice may be given at the Association's principal office or by publication at least once in a newspaper of general circulation.

The notice shall state the place, date and time of the meeting. If directors are to be elected at the meeting and nominees are identified, the notice shall include the names of all those who are nominees at the time notice is given. In the case of a special meeting, the notice shall state the matter the Board intends to present for action by the members. Except as otherwise provided by law, any proper matter may be presented at the special meeting for action subject to the special notice requirements described in Section 4.05 of these Bylaws. In the case of the annual meeting, the notice shall state those matters that the Board intends at the time the notice is given, to present to the members for action, but additionally, any proper matter may be presented at

the meeting for action subject to the special notice requirements described in Section 4.05. of these Bylaws.

Section 4.05. Special Notice Requirements.

Approval by the members of any of the following proposals, other than by unanimous approval of those members entitled to vote, shall not be valid unless the general nature of the proposal was stated in the notice or in any written waiver of the notice:

- a. removing a director without cause;
- b. filling vacancies on the Board by the members;
- c. amending the Articles of Incorporation;
- d. approving a contract or transaction between the Association and one or more directors, or between the Association and any entity in which a director has a material financial interest;
- e. electing to wind up and dissolve the Association; or
- f. approving a plan of distribution of assets, other than money, not in accordance with the liquidation rights of any class of members (applicable only if the Association is in the process of winding up and there is more than one class of membership outstanding at the time).

Section 4.06. Quorum.

The presence either in person or by proxy, at any meeting, of members entitled to cast at least fifty-one percent (51%) of the total voting power of the Association (excluding the number of votes as to which voting rights are suspended at the time of the subject meeting), shall constitute a quorum for any action except as otherwise provided in the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, a majority of the members entitled to vote thereat shall have power to adjourn the meeting to a date not less than five (5) days and not more than thirty (30) days later, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

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, provided that at least twenty-five percent (25%) of the total voting power of the Association remains

present in person and/or by proxy. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to members in the manner prescribed for regular meetings.

Notwithstanding anything herein to the contrary, for purposes of obtaining membership approval of special assessments or increases in annual assessments as may be required by the Declaration, a "quorum" means more than fifty percent (50%) of the members of the Association.

Section 4.07. Proxies.

At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable irrespective of language to the contrary appearing thereon, and shall automatically cease upon conveyance by the member of his Unit, or upon receipt of written notice by the Secretary of the Board of the death or judicially declared incompetence of a member prior to the counting of the vote, or upon the expiration of eleven (11) months from the date of the proxy.

Any form of proxy or written ballot distributed by any person to the membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon, except it shall not be mandatory that a candidate for election to the Board be named in the proxy or written ballot. The proxy or written ballot shall provide that, where the member specifies a choice, the vote shall be cast in accordance with that choice. The proxy shall also identify the person or persons authorized to exercise the proxy and the length of time it will be valid. In addition, voting by proxy shall comply with any other applicable requirements of California Corporation Code Sections 7514 and 7613.

Section 4.08. Proof of Membership.

No person shall exercise the rights of membership in the Association until satisfactory proof of membership has been furnished the Association. Such proof may consist of either a duly-executed and acknowledged grant deed or title insurance policy showing that the person has an ownership interest in a condominium that would entitle the person to membership in the Association as provided in the Declaration. Such deed or policy shall be deemed conclusive proof of the person's membership in the absence of a conflicting claim based on a later deed or policy.

Section 4.09.

Eligibility to Vote.

Only members in good standing shall be entitled to vote on any issue or matter presented to the members for approval. In order to be in good standing, a member must be current in the payment of all assessments levied against the members Units and not subject to any suspension of voting privileges as a result of any disciplinary proceeding conducted in accordance with the Declaration. A member's good standing shall be determined as of the record date established in accordance with Section 4.10. The Association shall not be obligated to conduct a hearing in order to suspend a member's voting privileges on the basis of the nonpayment of assessments, although a delinquent member shall be entitled to request such a hearing.

Section 4.10.

Record Dates.

a. Record Dates Established by the Board.

For the purpose of determining which members are entitled to receive notice of any meeting, vote, act by written ballot without a meeting, or exercise any rights in respect to any other lawful action, the Board may fix, in advance, a "record date" and only members of record on the date so fixed are entitled to notice, to vote, or to take action by written ballot or otherwise, as the case may be, notwithstanding any transfer of any membership on the books of the Association after the record date, except as otherwise provided in the Articles, by agreement, or in the California Nonprofit Mutual Benefit Corporation Law. The record dates established by the Board pursuant to this section shall be as follows:

i. Record Date for Notice of Meetings.

In the case of determining those members entitled to notice of a meeting, the record date shall be no more than ninety (90) days nor less than ten (10) days before the date of the meeting.

ii. Record Date for Voting.

In the case of determining those members entitled to notice of a meeting, the record date shall be no more than sixty (60) days before the date of the meeting;

iii. Record Date for Action by Written Ballot Without Meeting. In the case of determining members entitled to cast written ballots, the record date shall be no more than sixty (60) days before the day on which the first written ballot is mailed or solicited; and

iv. Record Date for Other Lawful Action.

In the case of determining members entitled to exercise any rights

in respect to other lawful action, the record date shall be no more than sixty (60) days prior to the date of such other action.

b. Failure of Board to Fix a Record Date. If the Board, for any reason, fails to establish a record date, the following rules shall apply:

i. Record Date for Notice of Meetings. The record date for determining those members entitled to receive notice of a meeting of members shall be the business day preceding the day on which notice is given, or, if notice is waived, the business day preceding the day on which the meeting is held.

ii. Record Date for Voting. The record date for determining those members entitled to vote at a meeting of members shall be the day of the meeting, or in the case of an adjourned meeting, the day of the adjourned meeting.

iii. Record Date for Action by Written Ballot Without Meeting. The record date for determining those members entitled to vote by written ballot on proposed Association actions without a meeting when no prior action by the Board has been taken, shall be the day on which the first written ballot is mailed or solicited. ~~When prior action of the Board has been taken, it shall be the day on which the Board adopts the resolution relating to that action.~~

iv. Record Date for Other Lawful Action. The record date for determining those members entitled to exercise any rights in respect to any other lawful action shall be no more than sixty (60) days prior to the date of such other action.

v. "Record Date" Means as of Close of Business. For purposes of this subparagraph, a person holding a membership as of the close of business on the record date shall be deemed the member of record.

Section 4.11. Action Without Meeting.

Any action that may be taken at any annual or special meeting of members (except the election of directors) may be taken without a meeting in accordance with the provisions of California Corporations Code Sections 7513 and 7516. Any form of written ballot distributed by any person to the membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon, except it shall not be mandatory that a candidate for election to the Board be named in the written ballot. The written ballot shall provide that, where the member specifies a choice, the vote shall be cast in accordance with that choice.

Section 4.12.

Conduct of Meetings.

Meetings of the membership of the Association shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Association may adopt. All questions of parliamentary procedure shall be decided in accordance with Roberts Rules of Order. Notwithstanding any other provision of law, notice of meetings of the members shall specify those matters the Board intends to present for action by the members, but, except as otherwise provided by law, any proper matter may be presented at the meeting for action.

Members of the Association shall have access to Association records in accordance with Article 3 (commencing with Section 8330) of Chapter 13 of Part 3 of Title 1 of the Corporations Code. Any member of the Association may attend meetings of the Board, except when the Board adjourns to executive session to consider litigation, matters that relate to the formation of contracts with third parties, or personnel matters. Any matter discussed in executive session shall be generally noted in the minutes of the Board. In any matter relating to the discipline of an Association member, the Board shall meet in executive session if requested by that member, and the member shall be entitled to attend the executive session.

Section 4.13.

Order of Business.

The order of business of all meetings of the members shall be as follows:

- a. roll call;
- b. proof of notice of meeting or waiver of notice;
- c. reading of minutes of preceding meeting;
- d. reports of Board and officers;
- e. election of directors, if any are to be elected;
- f. unfinished business; and
- g. new business.

ARTICLE V

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 5.01. Number.

The affairs of this Association shall be managed by a Board of five (5) directors, all of whom must be members of the Association, or an officer, director, employee or agent of a member, if the member is other than a natural person(s). The owners of a Unit shall be limited to one (1) director per Unit, i.e., a husband and wife owning a Unit may not both serve as a director at the same time.

Section 5.02. Term of Office.

At each annual meeting of the Association the members shall elect five (5) directors for a term of one (1) year. Unless vacated sooner, each director shall hold office until the director's term expires and a successor is elected.

Section 5.03. Removal; Vacancies.

Unless the entire Board is removed from office by the vote of Association members, an individual director shall not be removed prior to the expiration of his term of office if the votes cast against his removal would be sufficient to elect him 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. A director who was elected solely by the votes of members may be removed from office prior to the expiration of his term only by the votes of a majority of members.

In the event of death or resignation of a director, his successor shall be appointed by approval of the Board at a duly held meeting or by a sole remaining director, and shall serve for the unexpired term of his predecessor. The members may elect a director at any time to fill any vacancy not filled by the directors. A vacancy created by removal of a director can be filled only by election of the members.

Section 5.04. Compensation.

No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses, if reasonable, that are incurred in the performance of his or her duties.

Section 5.05. Indemnification of Corporate Agents.

The Association shall indemnify any present or former director, officer, employee, or other agent of the Association to the fullest extent authorized under California Corporations Code Section 7237, or any successor statute, and may advance to any such person funds to pay expenses that may be incurred in defending any action or proceeding on receipt by the Association of an undertaking by or on behalf of such person to repay such amount, unless it is ultimately determined that such person was entitled to indemnification under this provision.

ARTICLE VI

NOMINATION AND ELECTION OF DIRECTORS

Section 6.01. Nomination.

Notice to the members of the annual meeting shall include the names of all those who have been nominees at the time the notice is sent. Nominations may also be made from the floor at the annual meeting.

Section 6.02. Election.

Election of the Board shall be conducted at each annual meeting of members of the Association. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Members owning one (1) Unit shall be entitled to cumulate their votes for one (1) or more candidates for the Board, if the candidate's name has been placed in nomination prior to voting and if the member has given notice at the meeting prior to voting of his or her intention to cumulate votes. If a member owns more than one (1) Unit, the member shall not be allowed to cumulate their votes except as to the vote of their first Unit, provided however that if two (2) adjacent Units have been combined to create one (1) residential Unit, the member may cumulate his vote for each of the adjacent Units constituting the one (1) combined residential Unit. Under cumulative voting, each owner, either in person or by proxy, may give a single candidate the number of votes equal to the number of directors to be elected multiplied by the number of votes the owner is entitled to exercise under the Declaration, or the owner may distribute these cumulated votes among any two or more candidates as the owner desires. The candidates receiving the highest number of votes up to the number of Board members to be elected shall be elected. Voting for directors shall be by secret written ballot.

ARTICLE VII

MEETINGS OF THE BOARD OF DIRECTORS

Section 7.01. Regular Meetings.

Regular meetings of the Board shall be held at least once every four (4) months provided the business to be

conducted by the Board does not require more frequent meetings, at a time and at a meeting place as fixed by the Board. The meeting place shall ordinarily be within the condominium development itself unless, in the judgment of the Board, a larger meeting room is required than exists within the condominium development, in which case, the meeting room selected by the Board shall be as close as possible to the condominium development.

Notice of the time and place of regular Board meetings shall be posted or communicated in a prominent place or places within the Common Area or sent to the Board members not less than three (3) days prior to the meeting; provided that, notice of a meeting need not be given to any Board member who has signed a waiver of notice, or a written consent to the holding of the meeting. If the Common Area consists only of an easement or is otherwise unsuitable for posting of such notice, the Board shall communicate the notice of the time and place of such meeting by any means it deems appropriate.

Section 7.02. Special Meetings.

Special meetings of the Board of Directors shall be held when called by written notice signed by the ~~President, Vice President or Secretary of the Association, or by~~ any two (2) directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by one (1) of the following methods: (a) in writing by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the director or to a person at the director's home or office who would reasonably be expected to communicate such notice promptly to the director; (d) verbally in person; or (e) by telegram, charges prepaid.

Unless communicated in person, all such notices shall be given or sent to the director's address or telephone number as shown on the records of the Association. Such notice may also be posted at a prominent place within the Common Area not less than seventy-two (72) hours prior to the scheduled time of the meeting. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least seventy-two (72) hours before the time set for the meeting.

Section 7.03. Quorum.

A majority of the directors then in office (but not less than three (3)) shall constitute a quorum for the transaction of business. Every act performed or decision made by a majority of the directors present at a duly held meeting at which

a quorum is present shall be regarded as the act of the Board. At a meeting at which a quorum is initially present the Board may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by a majority of the required quorum for that meeting.

Section 7.04. Open Meetings.

(a) Any member may attend meetings of the Board, except when the Board adjourns to executive session to consider litigation, matters relating to the formation of contracts with third parties, member discipline, or personnel matters. The Board shall meet in executive session, if requested by a member who may be subject to a fine, penalty, or other form of discipline, and the member shall be entitled to attend the executive session.

(b) Any matter discussed in executive session shall be generally noted in the minutes of the Board.

(c) The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the Board, other than an executive session, shall be available to members within thirty (30) days of the meeting.

The minutes, proposed minutes, or summary minutes shall be distributed to any member upon request and upon reimbursement of the association's costs of making that distribution.

(d) Members shall be notified in writing at the time that the pro forma budget required in Civil Code Section 1365 is distributed, or at the time of any general mailing to the entire membership, of their right to have copies of the minutes of the meetings of the Board, and how and where those minutes may be obtained.

(e) As used in this Section, "meeting" includes any congregation of a majority of the members of the Board at the same time and place to hear, discuss, or deliberate upon any item of business scheduled to be heard by the Board, except those matters that may be discussed in executive session.

(f) An emergency meeting of the Board may be called by the President, or by any two members of the Board other than the President, if there are circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board, and which of necessity make it impracticable to provide notice as required by this Section.

Section 7.05. Executive Session.

The Board may, with approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, formation of contracts with third parties and orders of business of a similar nature. In any matter relating to the discipline of an Association member, the Board shall meet in executive session if requested by that member, and the member shall be entitled to attend the executive session. The nature of any and all business to be considered in executive session shall first be announced in open session and generally noted in the minutes of the Board.

Section 7.06. Telephone Meetings.

Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all directors participating in the meeting can hear one another, and all such directors shall be deemed to be present in person at such meeting. An explanation of the action taken shall be posted at a prominent place within the Common Area within three (3) days after the meeting. If the Common Area consists only of an easement or is otherwise unsuitable for posting the explanation of the action taken, the Board shall communicate said explanation by any means it deems appropriate.

Section 7.07. Waiver of Notice.

The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 7.08. Notice of Adjourned Meeting.

Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the directors who were not present at the time of the adjournment, and shall be posted at a prominent place within the Common Area. If the Common Area consists only of an easement or is otherwise unsuitable for posting the explanation

of the action taken, the Board shall communicate said explanation by any means it deems appropriate.

Section 7.09. Action Without Meeting.

Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. An explanation of the action taken shall be posted at a prominent place or places within the Common Area within three (3) days after the written consent of all Board members has been obtained. If the Common Area consists only of an easement or is otherwise unsuitable for posting the explanation of the action taken, the Board shall communicate said explanation by any means it deems appropriate.

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD

Section 8.01 Powers of the Board.

The Board shall have all powers conferred on the Association as set forth in the Declaration and these Bylaws, except those powers expressly reserved to the members and subject to the requirements to obtain approval of the members before certain actions may be taken. In addition, the Board shall appoint and remove at its pleasure all officers, agents, and employees of the Association, and shall prescribe powers and duties for them that are consistent with the Declaration, the Articles, these Bylaws, and any applicable laws.

The Board of Directors shall have power to:

- a. Employ a manager as provided in the Declaration;
- b. Adopt rules and regulations in accordance with the Declaration;
- c. Levy and collect assessments and impose fines as provided in the Declaration;
- d. Enforce these Bylaws and/or the Declaration provided that at least fifteen (15) days' prior notice of any charges (other than assessments) or potential discipline or fine and the reasons therefor are given to the member affected, and that an opportunity is provided for the member to be heard, orally

or in writing not less than five (5) days before the imposition of the discipline or fine, said hearing to be before the Board. Any notice required herein shall be given by any method reasonably calculated to provide actual notice. Any notice given by mail shall be given by first class or registered mail sent to the last address of the member as shown on the Association's records;

e. Contract for goods and/or services in accordance with the Declaration;

f. Delegate its authority and powers to committees, officers or employees of the Association or to a manager employed by the Association. The Board may not delegate the authority to make capital expenditures for additions or improvements chargeable against the reserve funds; to conduct hearings concerning compliance by an owner or his tenant, lessee, guest or invitee with the Declaration or rules and regulations promulgated by the Board, or to make a decision to levy monetary fines, impose special assessments against individual Units, temporarily suspend an owner's rights as a member of the Association or otherwise impose discipline following any such hearing; to make a decision to levy annual or special assessments; or to make a decision to bring suit, record a claim of lien, or institute foreclosure proceedings for default in payment of assessments. Any such delegation shall be revocable by the Board at any time. The members of the Board, individually or collectively, shall not be liable for any omission or improper exercise by the manager of any such duty, power or function so delegated by written instrument executed by a majority of the Board;

g. Appoint a trustee to enforce assessment liens by power of sale as provided in California Civil Code Section 1367(b);

h. In addition to any other power contained herein, the Association may exercise the powers granted to a nonprofit mutual benefit corporation as enumerated in California Corporations Code Section 7140.

Section 8.02.

Duties of the Board.

It shall be the duty of the Board to:

a. Perform the maintenance described in the Declaration;

b. Maintain insurance as required by the Declaration.

c. Discharge by payment, if necessary, any lien against the Common Area and assess the cost thereof to the member or members responsible for the existence of the lien (after notice and hearing as required by these Bylaws);

d. Fix, levy, collect and enforce assessments as set forth in the Declaration;

e. Pay all expenses and obligations incurred by the Association in the conduct of its business including, without limitation, all licenses, taxes, or governmental charges levied or imposed against the property of the Association;

f. Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;

g. Enforce these Bylaws and the Declaration;

h. Review on at least an annual basis:

i. A current reconciliation of the Association's operating and reserve accounts;

ii. The current year's actual reserve revenues and expenses compared to the current year's budget.

iii. An income and expense statement for the Association's operating and reserve accounts.

j. Review the latest account statements prepared by financial institutions where the Association has its operating and reserve accounts. For purposes herein "reserve accounts" shall mean monies that the Association's Board has identified for use to defray the future repair or replacement of, or addition to, those major components which the Association is obligated to maintain.

k. Require that at least two (2) signatures be needed for the withdrawal of monies from the Association's reserve accounts, who shall be members of the Board.

l. The Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components which the Association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established. However, the Board may authorize the temporary transfer of money from a reserve fund to the Association's general operating fund to meet short-term cash flow requirements or other expenses, provided the Board has made a written finding, recorded

in the Board's minutes, explaining the reasons that the transfer is needed, and describing when and how the money will be repaid to the reserve fund.

The transferred funds shall be restored to the reserve fund within one (1) years of the date of the initial transfer, except that the Board may, upon making a finding supported by documentation that a delay would be in the best interests of the project, delay the restoration until the time which the Board reasonably determines to be necessary. The Board shall exercise prudent fiscal management in delaying restoration of these funds and in restoring the expended funds to the reserve account, and shall, if necessary, levy a special assessment to recover the full amount of the expended funds within the time limits required by this section. This special assessment is not subject to the limitation imposed by Section 1366 of the California Civil Code. The Board may, at its discretion, extend the date the special assessment is due. Any extension shall not prevent the Board from pursuing any legal remedy to enforce the collection of an unpaid special assessment.

When the decision is made to use reserve funds or to temporarily transfer money from the reserve fund to pay for litigation, ~~the Board shall notify the members of that decision in the next available mailing to all members and of the availability of an accounting of those expenses.~~ The Board shall make an accounting of expenses related to the litigation on at least a quarterly basis. The accounting shall be made available for inspection by members at the association's office.

m. At least every three (3) years the Board shall cause a study of the reserve account requirements of the project to be conducted if the current replacement value of the major components which the Association is obligated to repair, replace, restore, or maintain is equal to or greater than one-half of the gross budget of the Association for any fiscal year. The Board shall review this study annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review.

The study required by this section shall at a minimum include:

i. Identification of the major components which the Association is obligated to repair, replace or restore, or maintain which, as of the date of the study, have a remaining useful life of less than thirty (30) years;

ii. Identification of the probable remaining useful life of the components identified in paragraph (1) as of the date of the study;

iii. An estimate of the cost of repair, replacement, restoration, or maintenance of the components identified in paragraph (1) during and at the end of their useful life; and

iv. An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain the components identified in paragraph (1) during and at the end of their useful life, after subtracting total reserve funds as of the date of the study.

As used in this section, "reserve account requirements" means the estimated funds which the Board has determined are required to be available at a specified point in time to repair, replace, or restore those major components which the Association is obligated to maintain.

The provisions of subsections k and l incorporate the statutory requirements of California Civil Code Section 1365.5. If said Section 1365.5 is amended in any manner, this Section 8.02 shall be amended in the same manner without the necessity of amending these Bylaws.

Section 8.03. Prohibited Acts.

The Board shall ordinarily be prohibited from taking any of the following action, except with the assent, by vote at a meeting of the Association or by written ballot without a meeting pursuant to California Corporations Code Section 7513, of a simple majority of the members, constituting a quorum consisting of more than 50% of the voting power of the Association:

a. Enter into a contract with a third person wherein the third person will furnish goods and 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 and/or the Veterans Administration (if either has jurisdiction over the Project);

ii. A contract with a public utility company if the rates charged for the services or materials are regulated by the Public Utility 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 not exceeding three (3) years duration; provided that, the policies permit for short-rate cancellation by the Association;

iv. Lease agreements for laundry room fixtures and equipment not exceeding five (5) years;

v. Agreements for cable television services and equipment or satellite dish television services and equipment not exceeding five (5) years duration;

vi. Agreements for the sale or lease of burglar alarm and/or fire alarm equipment not exceeding five (5) years;

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

b. Incur aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

c. Sell 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 the fiscal year.

d. Pay 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 Member or officer to be reimbursed for the actual expenses, if reasonable, that are incurred in the performance of his or her duties.

Section 8.04. Standard of Care.

Each director of the Board shall perform his or her duties as a director, including duties as a member of any committee of the Board upon which the director may serve, in good faith, in a manner such director believes 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. In performing the duties of a director, a director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

a. one or more officers or employees of the Association whom the director believes to be reliable and competent in the matters presented;

b. counsel, independent accountants or other persons as to matters which the director believes to be within such person's professional or expert competence; or

c. a committee of the Board upon which the director does not serve, as to matters within its designated authority, which committee the director believes to merit confidence, so long as, in any such case, the director acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted. A person who performs the duties of a director in accordance with the foregoing, shall have no liability based upon any failure or alleged failure to discharge the person's obligations as a director.

Section 8.05. Committees of the Board.

The Board, by resolution adopted by a majority of the directors then in office, provided a quorum is present, may create one or more committees, each consisting of one or more directors and persons who are not directors, to serve at the pleasure of the Board. Appointments to committees of the Board shall be by majority vote of the directors then in office. The Board may appoint one or more directors as alternate members of any such committee, to the extent provided in the resolution of the Board, shall have all of the authority of the Board, except that no committee, regardless of Board resolution, may:

a. take any final action on any matter which, under the Declaration or the California Nonprofit Mutual Benefit Corporation Law, also requires approval of the members or approval of a majority of all members;

b. fill vacancies on the Board or on any committee which has the authority of the Board;

c. amend or repeal these Bylaws or adopt new bylaws;

d. amend or repeal any resolution of the Board which by its express terms is not so amendable or repealable;

e. appoint any other committees of the Board or the members of those committees; or

f. expend corporate funds to support a nominee for director after there are nominees that can be elected.

Meetings and actions of committees of the Board shall be governed by, held, and taken in accordance with, the provisions of these Bylaws concerning meetings and other actions of the Board, except that the time for regular meetings of such

committees and calling of special meetings of such committees may be determined either by resolution of the Board or, in the absence of a Board resolution, by resolution of the committee. Minutes of each meeting of any committee of the Board shall be kept and shall be filed with the Association records. The Board may adopt rules for the governing of any committee not inconsistent with the provisions of these Bylaws, or in the absence of rules adopted by the Board, the committee may adopt such rules.

Section 8.06. Due Process Requirements.

Before the Board imposes any monetary penalties, or suspensions of membership rights or Common Area use privileges against any member for failure to comply with the Declaration, these Bylaws, or the Association Rules and Regulations, the Board must act in good faith and must satisfy each of the following requirements:

a. The member is given fifteen (15) days prior notice of the discipline to be imposed and the reasons for the imposition of the discipline. The notice may be given by any method reasonably calculated to give actual notice. If the notice is given by mail, it must be sent by first class or registered mail to the last address of the member as shown on the Association's records.

b. The member is given an opportunity to be heard, orally or in writing, by the Board, not less than five (5) days before the effective date of the imposition of the discipline.

ARTICLE IX

OFFICERS AND THEIR DUTIES

Section 9.01. Officers of the Association.

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, one or more additional Vice-Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers. The President and Secretary and/or Secretary/Treasurer cannot be the same person. All officers shall be members of the Board. All debt instruments such as promissory notes and deeds of trust shall be signed by two (2) officers of the Association.

Section 9.02. Election of Officers.

The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 9.03. Term.

The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year or until the next annual meeting, whichever is later, unless he or she shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 9.04. Special Appointments.

The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 9.05. Resignation and Removal.

~~Any officer may be removed from office (but not from the Board, if he or she is also a Board member) by the Board with or without cause. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of 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 9.06. Vacancies.

A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the office he or she replaces.

Section 9.07. Duties.

The duties of the officers are as follows:

a. President. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall sign all promissory notes. The President shall have the general powers and duties of management usually vested in the office of the President of a California nonprofit mutual benefit corporation, and shall have such powers and duties as may be prescribed by the Board or by these Bylaws.

b. Vice President. The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

c. Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with the addresses, and shall perform such other duties as required by the Board.

d. Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all promissory notes of the Association; shall co-sign all checks; shall keep proper books of account; shall prepare, or shall have prepared, on behalf of the Board and shall distribute or shall have distributed budgets and financial reports and/or statements to each member of the Association as follows:

i. A pro forma operating budget for each fiscal year which shall be distributed not less than thirty (30) nor more than ninety (90) days before the beginning of the fiscal year consisting of at least the following:

(1) Estimated revenue and expenses on an accrual basis;

(2) A summary of the Association's reserves based upon the most recent review or study conducted pursuant to Section 1365.5 of the Civil Code which shall be printed in bold type and include all of the following:

(a) The current estimated replacement cost, estimated remaining life and estimated useful life of each major component.

(b) As of the end of the fiscal year for which the study is prepared:

(i) The current estimate of the amount of cash reserves necessary to repair, replace, restore or maintain major components.

(ii) The current amount of accumulated cash reserves actually set aside to repair, replace, restore or maintain major components.

(c) The percentage that the amount determined for purposes (b)(ii) above is of the amount determined for purposes of (b)(i) above.

(3) A statement as to whether the Board of the Association has determined or anticipates that the levy of one or more special assessments will be required to repair, replace or restore any Common Area major component or to provide adequate reserves therefor; and

(4) A general statement addressing the procedures used for the calculation and establishment of those reserves to defray the future repair, replacement or additions to those major components that are attributable to the areas which the Association is obligated to maintain;

In lieu of the distribution of the pro forma operating budget, the Board may elect to distribute a summary of the items described hereinabove, to all the members, with written notice that the budget is available at the business office of the Association or at another suitable location within the boundaries of the development and that copies will be provided upon request and at the expense of the Association. If any member requests a copy of the pro forma operating budget, including the items referred to above, to be mailed to the member, the Association shall provide the copy to the member by first-class United States mail at the expense of the Association and delivered within five (5) days. The written notice that is distributed to each of the Association members shall be in at least 10-point bold type on the front page of the summary of the statement;

ii. A balance sheet as of an accounting date which is the last day of the month closest in time to six (6) months from the date of closing of the first sale of a Unit in the project, and an operating statement for the period from the date of the first closing to the said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the numbers of the condominium Units and the name of the owners assessed.

iii. A financial report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year: (a) A balance sheet as of the end of the fiscal year; (b) An operating (income) statement for the fiscal year; and (c) A statement of changes in financial position for the fiscal year. For any fiscal year in which the gross income to the Association exceeds Seventy-Five Thousand Dollars (\$75,000.00), a copy of a review of the financial statement of the Association prepared in accordance with generally accepted accounting principles by a licensee of the California State Board

of Accountancy; (d) Any information required to be reported under Section 8322 of the California Corporations Code;

iv. If the financial report referred to in (iii) above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statement was prepared from the books and records of the Association without independent audit or review;

v. A statement describing the Association's policies and practices in enforcing lien rights, or other legal remedies for default in payment of its assessments against its members, and a statement of the place where the names and addresses of the current members are located shall be annually distributed to the members during the sixty (60) day period immediately preceding the beginning of the Association's fiscal year.

e. Delegation. The foregoing duties may be delegated to a manager appointed by the Board.

ARTICLE X

BOOKS AND RECORDS

Section 10.01. Inspection by Members.

The membership register (including names, mailing addresses, telephone numbers and voting rights), books of account and minutes of meetings of the members, of the Board, (including drafts and summaries) and of committees shall be made available for inspection and copying by any member of the Association, or by his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a member, at the office of the Association or at such other place within the project as the Board shall prescribe.

In the case of the minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the Board other than an executive session, shall be available to members within thirty (30) days of the meeting and shall be distributed to only members upon request and upon reimbursement of the costs in making that distribution.

At the time the pro forma operating budget is distributed as required by these Bylaws or at the time of any general mailing, members of the Association shall be notified in writing of their right to have copies of the minutes of meetings of the Board and as to how and where those minutes may be obtained.

Section 10.02. Rules for Inspection.

The Board shall establish reasonable rules with respect to:

a. Notice to be given to the custodian of the records by the member desiring to make the inspection.

b. Hours and days of the week when such an inspection may be made.

c. Payment of the cost of reproducing copies of documents required by a member.

Section 10.03. Inspection of 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. The right of inspection by a director includes the right to make extracts and copies of documents, at the expense of the Association.

Section 10.04. Documents Provided by Board.

Upon written request, the Board shall, within ten (10) days of the mailing or delivery of such request, provide the owner of a Unit with a copy of the governing documents of the project, a copy of the most recent financial budget and statements of the Association distributed pursuant to Section 9.07d, and a true statement in writing from an authorized representative of the Association as to the amount of any assessments levied upon the condominium which are unpaid on the date of the statement, including late charges, interest, and costs of collection which, as of the date of the statement, are or may be made a lien upon the owner's condominium. The Board may impose a fee for providing the foregoing which may not exceed the reasonable cost to prepare and reproduce the requested documents.

ARTICLE XI

GENERAL PROVISIONS

Section 11.01. Amendment of Bylaws.

These Bylaws may be amended, only by the affirmative vote (in person or by proxy) or written consent of members representing a majority (36 of the 71 Units) of the voting power of the Association. However, the percentages of voting power necessary to amend a specific clause or provision, if any, shall

not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

Section 11.02. Conflicts.

In the case of any conflict or inconsistency between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict or inconsistency between the Declaration and these Bylaws, the Declaration shall control.

Section 11.03 Fiscal Year.

Unless the Board determines otherwise, the fiscal year of the Association shall begin on the first (1st) day of January and end on the thirty-first (31st) day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 11.04. Applicability.

The provisions of these Bylaws are applicable to the project, its operation, occupancy, ownership, maintenance and use and to all present and future owners, members of their families, guests, tenants, agents, employees and licensees and to any other person or persons who may use the project or its facilities in any manner. The acceptance of a deed to any Unit in the project shall constitute an acceptance and ratification of these Bylaws and the Declaration, as either or both may from time to time be amended.

Section 11.05. Counterpart Signatures.

These Bylaws may be executed in one (1) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

CONSENT TO ADOPTION OF BYLAWS OF

The Artaban Condominium Association, Inc.
A CALIFORNIA NONPROFIT MUTUAL BENEFIT CORPORATION

The undersigned, being a member(s) of The Artaban Condominium Association, Inc., do hereby consent to the foregoing Amended Bylaws of the corporation, consisting of twenty-seven (27) pages.

Unit No. _____

Dated: _____

Member

Member

CERTIFICATE OF SECRETARY

OF

The Artaban Condominium Association, Inc.
A CALIFORNIA NONPROFIT MUTUAL BENEFIT CORPORATION

I hereby certify that I am the duly elected and acting Secretary of said corporation and that the foregoing Bylaws, consisting of twenty-eight (28) pages, constitute the Amended Bylaws of said corporation as duly consented to in writing by no less than 51% of the total voting power of the corporation.

Dated: _____ day of _____, _____.

Secretary