

BYLAWS
OF
LOS ABANICOS MAINTENANCE CORPORATION

TABLE OF CONTENTS

FOR BYLAWS

OF

LOS ABANICOS MAINTENANCE CORPORATION

1. Plan of Condominium Ownership. 1

 1.1. Name. 1

 1.2. Corporation Responsibilities. 1

 1.3. Bylaws Application. 1

 1.4. Personal Application. 1

 1.5. Definitions. 1

2. Voting by Corporation Membership. 2

 2.1. Voting Rights. 2

 2.2. Majority of Quorum. 3

 2.3. Quorum. 3

 2.4. Proxies. 3

3. Administration. 3

 3.1. Corporation Responsibilities. 3

 3.2. Place of Meetings of Members. 4

 3.3. Annual Meetings of Members. 4

 3.4. Special Meetings of Members. 4

 3.5. Notice. 4

 3.6. Adjourned Meetings. 6

 3.7. Order of Business. 6

 3.8. Action Without Meeting. 6

 3.9. Consent of Absentees. 7

 3.10. Minutes, Presumption of Notice. 7

4. Board of Directors. 7

 4.1. Nomination of Directors. 7

 4.2. Number and Qualification. 8

 4.3. Powers and Duties. 8

 4.4. Limitations on Power. 12

 4.5. Management Agent. 13

 4.6. Election of Directors. 14

 4.7. Term of Office. 14

 4.8. Use of Cumulative Voting. 14

 4.9. Special Election Procedure. 15

 4.10. Vacancies. 15

 4.11. Removal of Directors. 16

 4.12. Organization Meeting of Board. 16

4.13. Regular Meetings of Board.	17
4.14. Special Meetings of Board.	17
4.15. Waiver of Notice.	17
4.16. Action Without Meeting.	18
4.17. Quorum and Adjournment.	18
4.18. Committees.	19
5. Books, Audit.	19
6. Financial Review and Reserves.	22
6.1. Financial Review.	22
6.2. Reserves.	22
7. Officers.	23
7.1. Designation.	23
7.2. Election of Officers.	23
7.3. Removal of Officers.	23
7.4. Compensation.	23
7.5. President.	24
7.6. Vice President.	24
7.7. Secretary.	25
7.8. Treasurer.	25
8. Obligations of the Members.	26
8.1. Assessments.	26
8.2. Maintenance and Repair.	26
9. Amendments to Bylaws.	26
9.1. Vote Required.	26
9.2. Conflicting Provisions.	27
10. Mortgagees.	27
10.1. Notice to Corporation.	27
10.2. Notice of Unpaid Assessments.	28
11. Miscellaneous.	28
11.1. Indemnification of Directors and Officers.	28
11.2. Checks, Drafts and Documents.	28
11.3. Execution of Documents.	28
11.4. Fiscal Year.	28
12. Books And Records.	28
12.1. Availability of Corporation Documents.	28
12.2. Members Right of Inspection.	29
12.3. Availability of Minutes.	29

12.4. Director's Right of Inspection.	29
12.5. Furnishing Documents.	29
13. Notice and Hearing Procedure.	30
13.1. Suspension of Privileges.	30
13.2. Written Complaint.	31
13.3. Notice of Hearing.	32
13.4. Hearing.	33
CERTIFICATE OF SECRETARY.	34

BYLAWS
OF
LOS ABANICOS MAINTENANCE CORPORATION

ARTICLE I

1. Plan of Condominium Ownership.

1.1. Name.

The name of the corporation is Los Abanicos Maintenance Corporation, hereinafter referred to as the "Corporation." The principal office of the Corporation shall be located in Orange County, California.

1.2. Corporation Responsibilities.

In accordance with the provisions of the Declaration, the Corporation shall have the responsibility of administering the Property, approving the Budget, establishing and collecting all assessments applicable to the Property, and arranging for overall architectural control of the Property.

1.3. Bylaws Application.

The provisions of these Bylaws are applicable to the residential condominium project known as Los Abanicos, located in the County of Orange, California (the "Property").

1.4. Personal Application.

All present and future Owners and their tenants, future tenants, employees, and any other person who might use the facilities of the Property in any manner, are subject to the regulations set forth in these Bylaws and in the Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Los Abanicos (the "Declaration" herein) Recorded or to be Recorded in the Official Records of Orange County and applicable to the Property.

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

1.5. Definitions.

Unless otherwise specifically provided herein, the capitalized terms in these Bylaws shall have the same meanings as are given to such terms in the Declaration.

ARTICLE II

2. Voting by Corporation Membership.

2.1. Voting Rights.

The Corporation shall have two (2) classes of voting Membership, as follows:

Class A. Class A Members shall be those Owners with the exception of Declarant for so long as there exists a Class B Membership. Class A Members shall be entitled to one (1) vote for each Condominium owned which is subject to assessment, as further provided in the Declaration.

Class B. The Class B Member shall be Declarant. The Class B Member shall be entitled to three (3) votes for each Condominium owned by Declarant and subject to assessment, provided that the Class B Membership shall cease and be converted to Class A Membership immediately upon the first to occur of the following events:

(1) The second anniversary of the first Close of Escrow in the most recent Phase of Development; or

(2) The fourth anniversary of the first Close of Escrow in Phase 1; or

(3) The seventh anniversary of the Recordation of the Declaration.

All voting rights shall be subject to the restrictions and limitations provided in the Declaration and in the Articles and these Bylaws of the Corporation. Except as provided in Section 16.2 of the Declaration and Section 4.11 of these Bylaws, as long as there exists a Class B Membership, any provision of these Bylaws which expressly requires a vote or written consent of a specified percentage of the voting power of the Corporation before action may be undertaken (i.e., other than actions requiring merely the vote or written consent of a majority of a quorum) shall require the approval of such specified percentage of the voting power of each class of Membership. Except as provided in Section 16.2 of the Declaration and Section 4.11 of these Bylaws, upon termination of the Class B Membership, any provision of these Bylaws which expressly requires a vote or written consent of Owners representing a specified percentage of the voting power of the Corporation before action may be undertaken shall require the vote or written consent of Owners representing such specified percentage of both the total

voting power of the Corporation and the voting power of the Corporation residing in Owners other than Declarant.

2.2. Majority of Quorum.

Unless otherwise expressly provided in the Articles, these Bylaws or the Declaration, any action which may be taken by the Corporation may be taken by a majority of a quorum of the Members of the Corporation.

2.3. Quorum.

Except as otherwise provided in these Bylaws, the presence in person or by proxy of at least a majority of the voting power of the Membership of the Corporation shall constitute a quorum of the Membership. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum.

2.4. Proxies.

Votes may be cast in person or by proxy. Proxies must be in writing and filed with the Secretary in advance of each meeting. Every proxy shall be revocable and shall automatically cease after completion of the meeting for which the proxy was filed. Any form of proxy or written ballot distributed by any Person to the Members of the Corporation 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, when 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. No proxy shall be valid with respect to a vote on any matter described in Section 7613(g) of the California Corporations Code unless the general nature of the proposal was set forth in the proxy.

ARTICLE III

3. Administration.

3.1. Corporation Responsibilities.

In accordance with the provisions of the Declaration, the Corporation shall have the responsibility of administering the Property, maintaining and repairing the Common Property,

approving the Budget, establishing and collecting all assessments authorized under the Declaration, and arranging for overall architectural control of the Property.

3.2. Place of Meetings of Members.

Meetings of the Members shall be held on the Property, or such other suitable place as proximate thereto as practicable and convenient to the Members, as may be designated by the Board of Directors.

3.3. Annual Meetings of Members.

The first annual meeting of Members shall be held within six (6) months after the Close of Escrow for the sale of the first Condominium in Phase 1. Thereafter, the annual meetings of the Members shall be held on or about the anniversary date of the first annual meeting.

At each annual meeting there shall be elected by ballot of the Members a Board of Directors of the Corporation, in accordance with the requirements of Article IV, Section 4.6 of these Bylaws. The Members may also transact such other business of the Corporation as may properly come before them. Each first Mortgagee of a Condominium in the Project may designate a representative to attend all annual meetings of the Members.

3.4. Special Meetings of Members.

It shall be the duty of the Board to call a special meeting of the Members, as directed by resolution of a majority of a quorum of the Board of Directors, by request of the President of the Corporation or upon receipt by the Secretary of a petition signed by Members representing at least five percent (5%) of the total voting power of the Corporation. The notice of any special meeting shall be given within twenty (20) days after adoption of such resolution or receipt of such request or petition and shall state the date, time and place of such meeting and the general nature of the business to be transacted. The special meeting shall be held not less than thirty-five (35) days nor more than ninety (90) days after adoption of such resolution or receipt of such request or petition. No business shall be transacted at a special meeting except as stated in the notice. Each first Mortgagee of a Condominium in the Project may designate a representative to attend all special meetings of the Members.

3.5. Notice.

It shall be the duty of the Secretary to send a notice of each annual or special meeting by first-class mail, at least

ten (10) but not more than thirty (30) days prior to such meeting, stating the purpose thereof as well as the day, hour and place where it is to be held, to each Member of record, and to each first Mortgagee of a Condominium, which Mortgagee has filed a written request for notice with the Secretary. The notice may set forth time limits for speakers and nominating procedures for the meeting. The notice 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. 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 the Members. The mailing of a notice, postage prepaid, in the manner provided in this Section, shall be considered notice served, forty-eight (48) hours after said notice has been deposited in a regular depository of the United States mail. Such notice shall be posted in a conspicuous place on the Common Property, and such notice shall be deemed served upon a Member upon posting if no address for such Member has been then furnished the Secretary.

The Board of Directors may fix a date in the future as a record date for the determination of the Members entitled to notice of any meeting of Members. The record date so fixed shall be not less than ten (10) days nor more than sixty (60) days prior to the date of the meeting. If the Board does not fix a record date for notice to Members, the record date for notice shall be the close of business on the business day preceding the day on which notice is given. In addition, the Board of Directors may fix a date in the future as a record date for the determination of the Members entitled to vote at any meeting of Members. The record date so fixed shall be not less than ten (10) days nor more than sixty (60) days prior to the date of the meeting. If the Board does not fix a record date for determining Members entitled to vote, Members on the day of the meeting who are otherwise eligible to vote are entitled to vote at the meeting.

Notwithstanding any other provision of these Bylaws, 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; (c) approving a contract or transaction between the Corporation and one or more Directors, or between the Corporation and any entity in which a Director has a material financial interest; (d) amendment of

the Corporation's Articles of Incorporation; or (e) electing to wind up and dissolve the Corporation.

3.6. Adjourned Meetings.

If any meeting of Members cannot be organized because a quorum is not present, a majority of the Members who are 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, at which meeting the quorum requirement shall be the presence in person or by proxy of the Members holding at least twenty-five percent (25%) of the voting power of the Corporation unless a provision of these Bylaws or the Declaration (such as Section 7.4 of the Declaration applicable to Assessment increases) establishes a higher quorum requirement for specific action. If a higher quorum requirement for a specific action is established, then that provision shall control. Such an adjourned meeting may be held without notice thereof as provided in this Article, provided that notice is given by announcement at the meeting at which such adjournment is taken.

If an adjourned meeting is actually attended, in person or by proxy, by Members having less than one-third (1/3rd) of the voting power of the Corporation, notwithstanding the presence of a quorum, no matter may be voted upon except such matters notice of the general nature of which was given pursuant to Section 3.5 hereof. No action by the Members on any such matters shall be effective if the votes cast in favor are fewer than the minimum number of votes required by the Restrictions to approve such an action.

3.7. Order of Business.

Meetings of Members shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Corporation may adopt. The order of business at all meetings of the Members shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of Minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) election of inspector of elections (at annual meetings or special meetings held for such purpose); (g) election of Directors (at annual meetings or special meetings held for such purpose); (h) unfinished business; and (i) new business.

3.8. Action Without Meeting.

Any action, which may be taken at a meeting of the Members (except for the election of Directors) may be taken without a meeting by written ballot of the Members. Ballots shall be

solicited in the same manner as provided in Section 3.5 for the giving of notice of meetings of Members. Such solicitations shall specify (a) the number of responses needed to meet the quorum requirements, (b) the percentage of approvals necessary to approve the action, and (c) the time by which ballots must be received in order to be counted. The form of written ballot shall afford an opportunity to specify a choice between approval and disapproval of each matter and shall provide that, where the Member specifies a choice, the vote shall be cast in accordance therewith. Receipt within the time period specified in the solicitation of a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting and a number of approvals which equals or exceeds the number of votes which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast shall constitute approval by written ballot.

3.9. Consent of Absentees.

The transactions of any meeting of Members, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the Members not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the Minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the Minutes of the Meeting.

3.10. Minutes, Presumption of Notice.

Minutes or a similar record of the proceedings of meetings of Members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the Minutes executed by the Secretary that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE IV

4. Board of Directors.

4.1. Nomination of Directors.

Nomination for election to the Board shall be made by a nominating committee. Nominations may also be made from the floor at the annual meeting. The nominating committee shall consist of a chairman, who shall be a member of the Board, and two (2) or more Members. The nominating committee shall be appointed by the Board prior to each annual meeting of the

Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The nominating committee shall make as many nominations for election to the Board as it shall, in its discretion, determine but not less than the amount of vacancies that are to be filled.

4.2. Number and Qualification.

Until the first annual meeting of the Corporation, the property, business and affairs of the Corporation shall be governed and managed by a Board of Directors composed of three (3) Persons. From and after the first annual meeting of the Members, the affairs of the Corporation shall be governed and managed by a Board of Directors composed of five (5) Persons. Each Director, except for those appointed and serving as first Directors, must either be an Owner or an agent of Declarant for so long as Declarant owns a Condominium in the Project or is entitled to add any of the Annexable Territory to the Property without the vote of the Members pursuant to the Declaration. The authorized number of Directors may be changed by a duly adopted amendment to the Bylaws. Directors shall not receive any salary or compensation for their services as Directors unless such compensation is first approved by the vote or written consent of Members representing at least a majority of both the Class A and Class B voting power; provided, however, that (1) nothing herein contained shall be construed to preclude any Director from serving the Corporation in some other capacity, and receiving compensation therefor, and (2) any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

4.3. Powers and Duties.

The Board of Directors has the powers and duties necessary for the administration of the affairs of the Corporation and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done exclusively by the Members. Without prejudice to such foregoing general powers and duties and such powers and duties as are set forth in the Declaration, the Board of Directors is vested with, and responsible for, the following powers and duties:

(a) Appointments. The power and duty to select, appoint, and remove all officers, agents and employees of the Corporation, to prescribe such powers and duties for them as may be consistent with law, the Articles of Incorporation, the Declaration and these Bylaws; to fix their

compensation and to require from them security for faithful service when deemed advisable by the Board.

(b) Management. The power and duty to conduct, manage and control the affairs and business of the Corporation, and to make and enforce such rules and regulations therefor consistent with law, the Articles, the Declaration and these Bylaws, as the Board may deem necessary or advisable.

(c) Principal Office and Seal. The power but not the duty to change the principal office for the transaction of the business of the Corporation from one location to another within the County in which the Property is located, as provided in Article I hereof; to designate any place within said County for the holding of any annual or special meeting or meetings of Members consistent with the provisions of Section 3.2 hereof; and to adopt and use a corporate seal and to alter the form of such seal from time to time, as the Board, in its sole judgment, may deem best, provided that such seal shall at all times comply with the provisions of law.

(d) Borrowing. With the approval of Members representing at least two-thirds (2/3rds) of the voting power of the Corporation, the power but not the duty to borrow money and to incur indebtedness for the purposes of the Corporation, and to cause to be executed and delivered therefor, in the Corporation's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor.

(e) Assessments. The power and duty to fix and levy from time to time Annual Assessments, Special Assessments, and Reconstruction Assessments upon Members, as provided in the Declaration; to fix and levy from time to time in any Fiscal Year Capital Improvement Assessments applicable to that year only for capital improvements; to determine and fix the due date for the payment of such assessments, and the date upon which the same shall become delinquent; provided, however, that such assessments shall be fixed and levied only to

provide for the payment of the Common Expenses of the Corporation and of taxes and assessments upon real or personal property owned, leased, controlled or occupied by the Corporation, or for the payment of expenses for labor rendered or materials or supplies used and consumed, or equipment and appliances furnished for the maintenance, improvement or development of such property or for the payment of any and all obligations in relation thereto, or in performing or causing to be performed any of the purposes of the Corporation for the general benefit and welfare of its Members, in accordance with the provisions of the Declaration.

Subject to any limitations imposed by the Declaration and these Bylaws, the Board of Directors shall have the power and duty to incur any and all such expenditures for any of the foregoing purposes and to provide, or cause to be provided, adequate reserves for replacements as it shall deem to be necessary or advisable in the interest of the Corporation or welfare of its Members. The funds collected by the Board of Directors from the Members, attributable to replacement reserves, for maintenance recurring less frequently than annually, and for capital improvements, shall at all times be held in trust for the Members. Disbursements from such trust reserve fund shall be made only in accordance with the provisions of the Declaration. Such Annual Assessments, Reconstruction Assessments, Special Assessments and Capital Improvement Assessments shall be fixed in accordance with the provisions of the Declaration. Should any Member fail to pay such assessments before delinquency, the Board of Directors in its discretion is authorized to enforce the payment of such delinquent assessments as provided in the Declaration.

(f) Enforcement of Restrictions. The power and duty to enforce the provisions of the Declaration, these Bylaws or other agreements of the Corporation.

(g) Insurance. The power and duty to contract for and pay for fire, casualty, blanket liability, malicious mischief, vandalism, errors and omissions, liquor liability and other insurance, insuring the Members, the Corporation, the Board of Directors and other interested parties, in

accordance with the provisions of the Declaration, covering and protecting against such damages or injuries as the Board deems advisable (which may include without limitation, medical expenses of persons injured on the Common Property). The Board shall review, not less frequently than annually, all insurance policies and bonds obtained by the Board on behalf of the Corporation.

(h) Services for Common Property. The power and duty to contract for and pay for maintenance, gardening, and common utilities services, and for materials and supplies and other Common Expenses relating to the Common Property, and relating to the Units only to the extent not separately metered or charged, and to employ personnel necessary for the operation of the Property, including legal and accounting services, and to contract for and pay for Improvements on the Common Property.

(i) Delegating Powers. The power but not the duty to delegate its powers according to law, and subject to the approval of the Members, to adopt these Bylaws.

(j) Certain Contracts. The power but not the duty to enter into contracts with Owners or other persons to provide services or to maintain or repair Improvements within the Project and elsewhere which the Corporation is not otherwise required to repair or maintain pursuant to this Declaration; provided, however, that any such contract shall provide for payment to the Corporation for the costs of providing such services or maintenance.

(k) Easements. The power but not the duty to grant or quitclaim easements, licenses or rights of way in, on, or over the Common Property for purposes not inconsistent with the intended use of the Property as a residential condominium project.

(l) Rules and Regulations. The power and duty to adopt such Rules and Regulations as the Board may deem necessary for the management of the Property, which Rules and Regulations shall become effective and binding after (1) they are adopted by a majority of the Board at a meeting called for that purpose, or by the written consent of the Board in accordance with Section 4.16, and (2) they

are posted in a conspicuous place in the Common Property. Such Rules and Regulations may concern, without limitation, use of the Common Property; signs; parking restrictions; collection and disposal of refuse; minimum standards of property maintenance consistent with the Declaration and the procedures of the Architectural Committee; and any other matter within the jurisdiction of the Corporation as provided in the Declaration; provided, however, that such Rules and Regulations shall be enforceable only to the extent that they are consistent with the Declaration, the Articles of Incorporation and these Bylaws.

(m) Records. The power and duty to keep, or cause to be kept, a complete record of all acts and corporate affairs of the Corporation and to present a statement thereof to the Members at the annual meeting of the Members and at any other time that such statement is requested by at least ten percent (10%) of the Members who are entitled to vote.

(n) Membership Committee. The power but not the duty to appoint a Membership Committee composed of at least one (1) Director and at least one (1) Corporation Member at large. The Membership Committee shall be responsible for contacting all purchasers of Condominiums in the Project as soon as any transfer of title to a Condominium is discovered. The Membership Committee shall further attempt to establish initial contact with all Members who are delinquent in the payment of any assessments or other charges due the Corporation.

(o) Sale of Property. The power but not the duty to sell property of the Corporation; provided, however, that the prior vote or written approval of the Members representing at least a majority of the voting power of the Corporation must be obtained to sell during any Fiscal Year any property of the Corporation having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Corporation for that Fiscal Year.

4.4. Limitations on Power.

The Board of Directors shall be prohibited from entering into any contract with a third person wherein the third person will furnish goods or services to the Corporation for a term in excess of one (1) year, unless:

(a) The vote or written consent of a majority of the voting power of the Corporation (excluding Declarant) is obtained, or

(b) The contract is one of the following:

(1) A contract with a public utility company if the rates charged for the materials or services are regulated by the California Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the public utility company will contract at the regulated rate,

(2) A management contract the terms of which conform to the requirements of Section 4.5 hereof,

(3) Prepaid casualty or liability insurance policies of not to exceed three (3) years' duration, provided that the policies permit short term cancellation by the Corporation,

(4) An agreement for cable television services and equipment or satellite dish television services and equipment with terms not in excess of five (5) years, provided that Declarant does not have a direct or indirect ownership interest in the supplier of such services or equipment equal to or greater than ten percent (10%), and

(5) An agreement for sale or lease of burglar alarm and fire alarm equipment, installation and services with terms not in excess of five (5) years, provided that Declarant does not have a direct or indirect ownership interest in the supplier of such services or equipment equal to or greater than ten percent (10%).

4.5. Management Agent.

The Board of Directors may engage a professional Manager for the Corporation at a compensation established by the Board to perform such duties and services as the Board shall

authorize, including, but not limited to, the duties listed in Section 4.2. The maximum term of any such contract ("Management Contract") shall be one (1) year, unless a longer term is approved either by vote or written assent of a majority of the voting power of the Corporation or by VA or FHA, in which case the maximum term of the Management Contract shall be three (3) years. The maximum term of any contract providing for Declarant's services to the Corporation or the Project shall also be three (3) years. Each such contract for Declarant's services and each Management Contract shall provide for its termination by either party thereto with cause upon no more than thirty (30) days' written notice to the other party, and without cause and without payment of a termination fee upon no more than ninety (90) days' written notice to the other party.

4.6. Election of Directors.

At the first annual meeting of the Members, and thereafter at each annual meeting of the Members, new Directors shall be elected by secret written ballot by the Members as provided in these Bylaws. All positions on the Board of Directors shall be filled at the first annual meeting. If an annual meeting is not held, or the Board is not elected thereat, the Board may be elected at any special meeting of the Members held for that purpose.

4.7. Term of Office.

Each Director shall hold office until his successor has been elected or until his death, resignation, removal or judicial adjudication of mental incompetence. The term of office of the three (3) Directors receiving the highest number of votes at the first annual meeting shall be three (3) years and the term of office of the two (2) Directors receiving the next highest number of votes at the first annual meeting shall be two (2) years. At each annual meeting thereafter, new Directors shall be elected to fill vacancies created by the death, resignation, removal, judicial adjudication of mental incompetence or expiration of the terms of past Directors. The term of office of each Director elected to fill a vacancy created by the expiration of the term of office of the respective past Director shall be two (2) years. The term of office of each Director elected or appointed to fill a vacancy created by the resignation, death or removal of his predecessor shall be the balance of the unserved term of his predecessor. Any person serving as a Director may be re-elected, and there shall be no limitation on the number of terms during which he may serve.

4.8. Use of Cumulative Voting.

Cumulative voting shall be used in the election of Directors for any election in which more than two (2) Directors are to be selected, subject only to the procedural prerequisites to

cumulative voting in the following sentence. A member may cumulate his votes for any candidate for the Board if the candidate's name has been placed in nomination prior to the voting and if such Member, or any other Member, has given notice at the meeting prior to the voting of such Member's intention to cumulate votes. If a Member cumulates his votes, such Member may cast a number of votes equal to the Member's share of the voting power as set forth in the Declaration, multiplied by the number of Directors to be elected.

4.9. Special Election Procedure.

Notwithstanding the foregoing, whenever (1) notice is given for an election of Directors of the Board, (2) upon which date Declarant is either (i) entitled to exercise a Class B vote, or (ii) entitled to exercise a majority of the voting power of the Corporation, and (3) upon such date the Members other than Declarant do not have a sufficient percentage of the voting power of the Corporation to elect at least twenty percent (20%) (though not less than one (1)) of the entire Board through the foregoing cumulative voting procedure, such notice shall also provide for the following special election procedure. Election of Directors shall be first apportioned to the Members other than Declarant until the aggregate number of Directors or the Board elected by such Members other than Declarant represents at least twenty percent (20%) (though not less than one (1)) of the entire Board. Any person shall be an eligible candidate for the special election upon receipt by the Secretary of a Declaration of Candidacy, signed by the candidate, at any time prior to the election. Such election shall be by secret written ballot. The person or persons receiving the greatest number of votes cast by the Members other than Declarant shall be elected a Member of the Board in a coequal capacity with all other Directors. The remaining Directors of the Board shall be elected through the customary cumulative voting procedure outlined above.

4.10. Vacancies.

Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Members of the Corporation shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Any vacancy caused by the removal of a Director shall be filled by the vote of the Members. A Director may resign at any time by giving notice to the President, the Secretary or the Board. Any Director who ceases to be an Owner or an agent of Declarant shall be deemed to have resigned from the Board. A vacancy or vacancies shall be deemed to exist in case of death, resignation, removal or

judicial adjudication of mental incompetence of any Director, or in case the Members fail to elect the full number of authorized Directors at any meeting at which such election is to take place. Any vacancy not filled by the Directors may be filled by vote of the Members at the next annual meeting of the Members or at a special meeting of the Members called for such purpose.

4.11. Removal of Directors.

At any regular or special meeting of the Members duly called, any one individual Director or the entire Board may be removed prior to the expiration of their terms of office with or without cause as follows: (i) for so long as fewer than fifty (50) Condominiums are included within the Project, by the vote of Members representing a majority of the total voting power of the Corporation (including votes attributable to Declarant), and (ii) once fifty (50) or more Condominiums are included within the Project, by the vote of Members representing a majority of a quorum of Members. Notwithstanding the foregoing, if the entire Board of Directors is not removed as a group pursuant to a single vote, no individual Director shall be removed if the number of votes cast against his 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 Director's most recent election were then being elected. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting. If any or all of the Directors are so removed at a meeting, new Directors may be elected at the same meeting. Notwithstanding the foregoing, any Director who has been elected to office solely by the votes of Members other than Declarant pursuant to Section 4.9 may be removed from office prior to the expiration of his term of office only by the vote of at least a simple majority of the voting power residing in Members other than Declarant.

4.12. Organization Meeting of Board.

The first regular ("organization") meeting of a newly elected Board of Directors shall be held within ten (10) days of election of the Board, at such place as shall be fixed and announced by the Directors at the meeting at which such Directors were elected, for the purpose of organization, election of officers and the transaction of other business. No notice shall be necessary to the newly elected Directors in order legally to constitute such meeting; provided that (1) a majority of the whole Board shall be present when the time and place are announced at the annual meeting and (2) the meeting is held on the same day and at the same place as

the annual meeting of the Members at which the newly constituted Board was elected.

4.13. Regular Meetings of Board.

Regular meetings of the Board of Directors shall be open to all Members, provided that Members who are not Directors may not participate in any deliberation or discussion at such regular meetings unless expressly so authorized by a vote of a majority of a quorum of the Board of Directors. Regular meetings may be held at such time and place within the Project as shall be determined, from time to time, by a resolution adopted by a majority of a quorum of the Directors; provided, however, that such meetings shall be held no less frequently than quarterly. Notice of the time and place of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, and posted at a prominent place or places within the Common Property at least four (4) days prior to the date named for such meeting.

4.14. Special Meetings of Board.

Special meetings of the Board of Directors shall be open to all Members, provided that Members who are not Directors may not participate in any deliberation or discussion at such special meetings, unless expressly so authorized by a vote of a majority of a quorum of the Board of Directors. Special meetings may be called by the President or by any two (2) Directors upon four (4) days' notice by first-class mail or seventy-two (72) hours' notice delivered personally or by telephone or telegraph. The notice shall state the time, place (as hereinabove provided) and the purpose of the meeting, and shall be posted at least four (4) days prior to such meeting at a prominent place or places within the Common Property.

4.15. Waiver of Notice.

Before or at any meeting of the Board of Directors, any Director may, in writing, waive personal notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice to such Director. Attendance by a Director at any meeting of the Board shall be a waiver by him of personal notice of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice to Directors shall be required and any business may be transacted at such meeting. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if (1) a quorum be present, (2) notice to the

Members of such meeting was posted as provided in Sections 4.13 and 4.14, and (3) either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding such meeting, or an approval of the Minutes thereof. All such waivers, consents and approvals shall be filed with the records of the Corporation or made a part of the Minutes of the meeting.

4.16. Action Without Meeting.

Any action required or permitted to be taken by the Board may be taken without a meeting, if all Directors 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. An explanation of any action taken by unanimous written consent without a meeting shall be posted by the Board in a prominent place or places in the Common Property within three (3) days after the written consents of all Directors have been obtained.

4.17. Quorum and Adjournment.

Except as otherwise expressly provided herein, at all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting to another time. At any such reconvened meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice if a quorum is present.

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

4.18. Committees.

The Board of Directors, by resolution, may from time to time designate such advisory and other committees as it shall desire, and may establish the purposes and powers of each such committee created. The resolution designating and establishing the committee shall provide for the appointment of its members, as well as a chairman, shall state the purposes of the committee, and shall provide for reports, termination, and other administrative matters as deemed appropriate by the Board.

ARTICLE V

5. Books, Audit.

The following financial information shall be prepared and distributed by the Board to all Members (and any Beneficiary, insurer and guarantor of a first Mortgage upon request), regardless of the number of Members or the amount of assets of the Corporation:

(a) A pro forma operating budget for each Fiscal Year consisting of at least the following information shall be distributed not less than forty-five (45) nor more than sixty (60) days prior to the beginning of the Fiscal Year.

(1) The estimated revenue and Common Expenses of the Corporation computed on an accrual basis.

(2) A summary of the Corporation's reserves based upon the most recent review or study conducted pursuant to Section 1365.5 of the California Civil Code or any other applicable statute, as amended from time to time, which shall be printed in bold type and include all of the following:

(i) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component for which the Corporation is responsible.

(ii) As of the end of the Fiscal Year for which the study is prepared:

(A) The current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the major components for which the Corporation is responsible ("Estimated Reserves").

(B) The current amount of accumulated cash reserves actually set aside to repair, replace, restore or maintain the major components for which the Corporation is responsible ("Actual Reserves").

(iii) The percentage that the Actual Reserves is of the Estimated Reserves.

(3) A statement as to whether the Board has determined or anticipated that the levy of one or more Capital Improvement or Reconstruction Assessments will be required to repair, replace, or restore any major component for which the Corporation is responsible or to provide adequate reserves therefor.

(4) A general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the costs of repair and replacement of, or additions to, major components of the Common Property and facilities for which the Corporation is responsible.

(b) 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 the first Close of Escrow for the sale of a Condominium in the Project and an operating statement for the period from the date of the first Close of Escrow to the said accounting date, shall be distributed within sixty (60) days after the accounting date. Such operating statement shall include a schedule of

assessments received and receivable identified by the number of the Unit and the name of the Owner assessed.

(c) A report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the Fiscal Year.

(1) A balance sheet as of the end of the Fiscal Year.

(2) An operating (income) statement for the Fiscal Year.

(3) A statement of changes in financial position for the Fiscal Year.

(4) Any information required to be reported under Section 8322 of the California Corporations Code.

(5) For any Fiscal Year in which the gross income to the Corporation exceeds \$75,000, a copy of a review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy.

(6) A statement of the place where the names and addresses of the current Members is located.

If the report referred to in Section 5(c) above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Corporation stating that the statement was prepared from the books and records of the Corporation without independent audit or review. The Board also may distribute a summary of the Budget in lieu of the Budget itself, so long as the Board complies with the provisions of Section 1365(c) of the California Civil Code as it may be amended.

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 Corporation's policies and practices in enforcing its remedies against Members for defaults in the payment of Annual, Capital

Improvement, Reconstruction and Special Assessments, including the recording and foreclosing of liens against Members' Condominiums.

ARTICLE VI

6. Financial Review and Reserves.

6.1. Financial Review.

The Board shall perform the following on at least a quarterly basis:

(a) cause to be completed and review a current reconciliation of the Corporation's operating accounts and reserve accounts,

(b) review the current Fiscal Year's actual reserve revenues and expenses compared to the Budget for the then current Fiscal Year,

(c) review the income and expense statement for the Corporation's operating and reserve accounts, and

(d) review the most current account statements prepared by the financial institutions where the Corporation maintains its operating and reserve accounts.

6.2. Reserves.

(a) As used in this Article, the term "reserve accounts" means monies that the Board has identified from its Budget for use to defray the future repair and replacement of, or additions to, those major components which the Corporation is obligated to maintain.

(b) The signatures of either (i) two (2) Directors of the Corporation, or (ii) one (1) Director and one (1) Officer of the Corporation (who is not also a Director) shall be required for the withdrawal of money from the Corporation's reserve accounts. As used in this Section, "reserve accounts" means monies that the Board has identified from its Budget for use to defray the future repair and replacement of, or additions to, those major components which the Corporation is obligated to maintain.

(c) The Board shall cause a study of the reserve account requirements of the Property to be conducted in accordance with Section 1365.5(d) of the California Civil Code. 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 Corporation is obligated to maintain.

ARTICLE VII

7. Officers.

7.1. Designation.

The principal officers of the Corporation shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an Assistant Treasurer, and an Assistant Secretary, and such other officers as in their judgment may be necessary. Officers other than the President need not be Directors. Any Person may hold more than one office.

7.2. Election of Officers.

The officers of the Corporation shall be elected annually by the Board of Directors at the organization meeting of each new Board of Directors, and each officer shall hold his office at the pleasure of the Board of Directors, until he shall resign or be removed or otherwise disqualified to serve or his successor shall be elected and qualified to serve.

7.3. Removal of Officers.

Upon an affirmative vote of a majority of the entire Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose. Any officer may resign at any time by giving written notice to the Board or to the President or Secretary of the Corporation. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified therein; and unless otherwise specified in said notice, acceptance of such resignation by the Board shall not be necessary to make it effective.

7.4. Compensation.

Officers, agents, and employees shall receive such reasonable compensation for their services as may be authorized or

ratified by the Board; provided, however, that no officer shall receive any compensation for services performed in the conduct of the Corporation's business unless such compensation is approved by the vote or written consent of Members representing at least a majority of the voting power of the Corporation; and provided further, that (1) nothing herein contained shall be construed to preclude any officer from serving the Corporation in some other capacity and receiving compensation therefor, and (2) any officer may be reimbursed for his actual expenses incurred in the performance of his duties. Appointment of any officer, agent, or employee shall not of itself create contractual rights of compensation for services performed by such officer, agent, or employee. Notwithstanding the foregoing, no officer, employee or director of Declarant or any affiliate of Declarant may receive any compensation.

7.5. President.

The President shall be the chief executive officer of the Corporation. He shall preside at all meetings of the Corporation and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the President of a corporation, including but not limited to the power, subject to the provisions of Section 4.18, to appoint committees from among the Members from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Corporation. The President shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business of the Corporation. The President shall sign all leases, mortgages, deeds and other instruments, and shall co-sign all checks and promissory notes; provided, however, that the President need not do so if persons other than the President are authorized by the Board to do so in accordance with Sections 11.2 or 11.3 hereof. The President shall be ex officio a member of all standing committees, and he shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws of the Corporation.

7.6. Vice President.

The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or disabled or whenever the President refuses or is unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors or these Bylaws of the Corporation.

7.7. Secretary.

The Secretary shall keep the Minutes of all meetings of the Board of Directors and the Minutes of all meetings of the Corporation at the principal office of the Corporation or at such other place as the Board of Directors may order. The Secretary shall keep the seal of the Corporation in safe custody and shall have charge of such books and papers as the Board of Directors may direct; and the Secretary shall, in general, perform all of the duties incident to the office of Secretary. The Secretary shall give, or cause to be given, notices of meetings of the Members of the Corporation and of the Board of Directors required by these Bylaws or by law to be given. The Secretary shall maintain a record book of Members, listing the names, mailing addresses and telephone numbers of Members, as furnished to the Corporation, ("Membership Register"). Termination or transfer of ownership by any Member shall be recorded in the Membership Register by the Secretary, together with the date of the transfer, in accordance with the provisions of the Declaration. The Secretary shall perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

7.8. Treasurer.

The Treasurer shall be the chief financial officer of the Corporation and shall have responsibility for Corporation funds and securities and shall be responsible for keeping, or causing to be kept, full and accurate accounts, tax records and business transactions of the Corporation, including accounts of all assets, liabilities, receipts and disbursements in books belonging to the Corporation. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Corporation in such depositories as may from time to time be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, in accordance with the Declaration, shall render to the President and Directors, upon request, an account of all of his transactions as Treasurer and of the financial conditions of the Corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws. The Treasurer shall sign all checks and promissory notes; provided, however, that the Treasurer need not do so if persons other than the Treasurer are authorized by the Board to do so in accordance with Sections 11.2 or 11.3 hereof.

EXHIBIT "B"

BYLAWS OF THE CORPORATION

ARTICLE VIII

8. Obligations of the Members.

8.1. Assessments.

(a) All Members are obligated to pay, in accordance with the provisions of the Declaration, all assessments imposed by the Corporation, to meet all expenses of the Corporation.

(b) All delinquent assessments shall be enforced, collected or foreclosed in the manner provided in the Declaration.

8.2. Maintenance and Repair.

(a) Every Member must perform promptly, at his sole cost and expense, such maintenance and repair work within his Unit, as required under the provisions of the Declaration. As further provided in the Declaration, all plans for visible Improvements within the Units must receive the prior written consent of the Architectural Committee. The Architectural Committee shall establish reasonable procedures for the granting of such approval, in accordance with the Declaration.

(b) As further provided in the Declaration, each Member shall reimburse the Corporation for any expenditures incurred in repairing or replacing any portion of the Common Property, which is damaged through the fault of such Member or his family, guests, tenants or invitees. Such expenditures shall include all court costs and reasonable attorneys' fees incurred in enforcing any provision of these Bylaws or the Declaration.

ARTICLE IX

9. Amendments to Bylaws.

9.1. Vote Required.

These Bylaws may be amended by the Corporation by the vote or written consent of Members, representing at least

(a) a majority of the voting power of each class of the Members, and

(b) a majority of the voting power of the Corporation residing in members other than Declarant;

Provided that the specified percentage of each class of the Members necessary to amend a specific Section or provision of these Bylaws shall not be less than the percentage of affirmative votes prescribed for action to be taken under that Section or provision.

In addition to the foregoing, any amendment to these Bylaws which materially affects matters delineated in Article XIV or Section 15.2 of the Declaration must be approved by the Beneficiaries of that percentage of first Mortgages on the Condominiums which is specified in the affected provision of Article XIV or Section 15.2 of the Declaration, respectively; provided that, if an amendment to these Bylaws materially affects matters delineated in both Article XIV and Section 15.2 of the Declaration or purports to amend this sentence, the amendment must be approved pursuant to the requirements of both said Article XIV and Section 15.2. So long as there exists a Class B Membership, any amendment of these Bylaws shall require the approval of VA and FHA. A draft of the proposed amendment shall be submitted to VA and FHA for approval prior to its approval by the Membership of the Corporation.

9.2. Conflicting Provisions.

In case any of these Bylaws conflict with any provisions of the laws of the State of California, such conflicting Bylaws shall be null and void upon final court determination to such effect, but all other Bylaws shall remain in full force and effect. In case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE X

10. Mortgagees.

10.1. Notice to Corporation.

Upon request by the Corporation, a Member who mortgages his Condominium shall notify the Corporation through the Manager, or through the Secretary in the event there is no Manager, of the name and address of his Mortgagee; and the Corporation shall maintain such information in a book entitled "Mortgagees of Condominiums." Upon request, any such Member shall likewise notify the Corporation as to the release or discharge of any such Mortgage.

10.2. Notice of Unpaid Assessments.

The Board of Directors of the Corporation shall at the request of a Mortgagee of a Condominium, report any unpaid assessments due from the Unit Owner of such Condominium, in accordance with the provisions of the Declaration.

ARTICLE XI

11. Miscellaneous.

11.1. Indemnification of Directors and Officers.

The Board may authorize the Corporation to pay expenses incurred by, or to satisfy a judgment or fine levied against, any present or former Director, officer, employee, or agent of the Corporation to the extent and under the circumstances provided in the Declaration.

11.2. Checks, Drafts and Documents.

All checks, drafts, orders for payment of money, notes and other evidences of indebtedness issued in the name of or payable to the Corporation shall be signed or endorsed in the manner and by the person or persons as the Board shall determine by resolution, subject to the requirements of Section 6.2 hereof for withdrawing money from the Corporation's reserve accounts.

11.3. Execution of Documents.

The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Corporation, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent, committee member or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

11.4. Fiscal Year.

The Fiscal Year of the Corporation shall be determined by the Board of Directors, and having been so determined, is subject to change from time to time as the Board of Directors shall determine.

ARTICLE XII

12. Books And Records.

12.1. Availability of Corporation Documents.

The following rights are in addition to the rights afforded by the Declaration to Beneficiaries, insurers and guarantors

of first Mortgages with regard to inspection of the Corporation's management documents.

12.2. Members Right of Inspection.

The Corporation shall maintain at its principal office (or at such other place within the Property as the Board may prescribe) the Articles, Bylaws, Declaration, Rules and Regulations and the Corporation's books of account; minutes of meetings of Members, the Board and Board committees; and the Membership Register (collectively, the "Corporation Documents"), each of which shall be made available for inspection and copying by any Member or the Member's duly appointed representative for a purpose reasonably related to the Member's interest as a Member.

The Board shall establish reasonable rules regarding

(a) notice to be given to the custodian of the Corporation Documents by the Member desiring to make the inspection,

(b) hours and days of the week when such an inspection may be made, and

(c) payment of the cost of copying any of the Corporation Documents requested by a Member.

12.3. Availability of Minutes.

The minutes, minutes that are proposed for adoption that are marked to indicated draft status, or a summary of the minutes of any meeting of the Board (other than the 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 Corporation's cost in making that distribution. Members shall be notified in writing at the time that the budget required in Section 5(a) hereof is distributed or at the time of any general mailing to the entire Membership of the Corporation of their right to have copies of the minutes of meetings of the Board and how and where those minutes may be obtained.

12.4. Director's Right of Inspection.

Every Director shall have the absolute right at any reasonable time to inspect all Corporation Documents and the physical properties owned or controlled by the Corporation, which right shall include the right to make extracts and copies of documents.

12.5. Furnishing Documents.

Notwithstanding any contrary Board rules, no later than ten (10) days after the Corporation receives written request from

any Member, the Corporation shall provide to that Member a copy of any one or more of the following documents requested by the Member for purposes of providing the documents to a prospective purchaser of the Member's subdivision interest:

(a) The Articles, Bylaws, Declaration and Rules and Regulations;

(b) A copy of the most recent financial statement described in Article V hereof; and

(c) A true written statement from an authorized Corporation representative showing the amount of the Corporation's current assessments and fees, as well as any assessment upon that Member's subdivision interest which is due and unpaid as of the statement date, as well as any late charges, interest or costs of collection which have been or may be enforced by a lien upon the Member's subdivision interest as of the statement date; and any change in the Corporation's current assessments and fees which have been approved by the Board, but have not become due and payable as of the date disclosure is provided pursuant to this Section.

The Corporation may charge a fee for this service not exceeding the Corporation's reasonable cost to prepare and reproduce the requested documents.

ARTICLE XIII

13. Notice and Hearing Procedure.

13.1. Suspension of Privileges.

In the event of an alleged violation of the Declaration, these Bylaws or the Rules and Regulations of the Corporation by an Owner, or the Owner's family, guests or tenants, and after written notice of such alleged failure is delivered personally or mailed to the Member or any agent of the Member ("respondent") alleged to be in default in the manner herein provided, by first-class mail or by certified mail return receipt requested, or both, the Board of Directors shall have the right, after affording the respondent an opportunity for an appropriate hearing as hereinafter provided, and upon an affirmative vote of a majority of all Directors on the Board, to take any one (1) or more of the following actions: (1) levy a Special Assessment as provided in the Declaration; (2) suspend or condition the right of said Member to use any recreational facilities owned, operated or maintained by the Corporation; (3) suspend said Member's voting privileges as a Member, as further provided in the Declaration; (4) enter upon a Residence to make necessary repairs, or to perform

maintenance which, according to the Declaration, is the responsibility of the Owner of such Residence; or (5) record a notice of noncompliance encumbering the Condominium of the respondent. Any such suspension shall be for a period of not more than thirty (30) days for any noncontinuing infraction, but in the case of a continuing infraction (including nonpayment of any assessment after the same becomes delinquent) may be imposed for so long as the violation continues. The failure of the Board to enforce the Rules and Regulations of the Corporation, these Bylaws or the Declaration shall not constitute a waiver of the right to enforce the same thereafter. The remedies set forth above and otherwise provided by these Bylaws shall be cumulative and none shall be exclusive. However, any individual Member must exhaust all available internal remedies of the Corporation prescribed by these Bylaws, or by the Rules and Regulations of the Corporation, before that Member may resort to a court of law for relief with respect to any alleged violation of the Declaration, these Bylaws or the Rules and Regulations of the Corporation by another Member, provided that the foregoing limitation pertaining to exhausting administrative remedies shall not apply to the Board or to any Member where the complaint alleges nonpayment of Annual Assessments, Special Assessments, Capital Improvement Assessments or Reconstruction Assessments.

13.2. Written Complaint.

A hearing to determine whether a right or privilege of the respondent under the Declaration or these Bylaws should be suspended or conditioned, or whether a Special Assessment should be levied, shall be initiated by the filing of a written Complaint by any Member or by any officer or member of the Board of Directors with the President of the Corporation or other presiding member of the Board. The Complaint shall constitute a written statement of charges which shall set forth in ordinary and concise language the acts or omissions with which the respondent is charged, and a reference to the specific provisions of the Declaration, these Bylaws or the Rules and Regulations of the Corporation which the respondent is alleged to have violated. A copy of the Complaint shall be delivered to the respondent in accordance with the notice procedures set forth in the Declaration, together with a statement which shall be substantially in the following form:

"Unless a written request for a hearing signed by or on behalf of the person named as respondent in the accompanying Complaint is delivered or mailed to the Board of Directors within fifteen (15) days after the Complaint, the Board of Directors may proceed upon

the Complaint without a hearing, and you will have thus waived your right to a hearing. The request for a hearing may be made by delivering or mailing the enclosed form entitled 'Notice of Defense' to the Board of Directors at the following address: _____

You may, but need not, be represented by counsel at any or all stages of these proceedings. If you desire the names and addresses of witnesses or an opportunity to inspect any relevant writings or items on file in connection with this matter in the possession, custody or control of the Board of Directors, you may contact _____

_____.
The respondent shall be entitled to a hearing on the merits of the matter if the Notice of Defense is timely filed with the Board of Directors. The respondent may file a separate statement by way of mitigation, even if he does not file a Notice of Defense.

13.3. Notice of Hearing.

The Board shall serve a notice of hearing, as provided herein, on all parties at least ten (10) days prior to the hearing, if such hearing is requested by the respondent. The hearing shall be held no sooner than thirty (30) days after the Complaint is mailed or delivered to the respondent as provided in Section 13.2 of this Article XIII. The notice to the respondent shall be substantially in the following form but may include other information:

"You are hereby notified that a hearing will be held before the Board of Directors of the Los Abanicos Maintenance Corporation at _____

on the _____ day of _____, 199_, at the hour of _____, upon the charges made in the Complaint served upon you. You may be present at the hearing, may but need not be represented by counsel, may present any relevant evidence, and will be given full opportunity to cross-examine all witnesses testifying

against you. You are entitled to request the attendance of witnesses and the production of books, documents or other items by applying to the Board of Directors of the Corporation."

13.4. Hearing.

The hearing shall be held before the Board in executive session pursuant to this notice affording the Member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice, and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the officer or Director who mailed or delivered such notice. The notice requirement shall be deemed satisfied if a violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. No action against the Member arising from the alleged violation shall take effect prior to the expiration of (a) fifteen (15) days after the Member's receipt of the notice of hearing, and (b) five (5) days after the hearing required herein.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that:

1. I am the duly elected and acting Secretary of LOS ABANICOS MAINTENANCE CORPORATION, a California nonprofit corporation ("Corporation"); and

2. The foregoing Bylaws comprising 34 pages including this page constitute the Bylaws of the Corporation duly adopted by Consent of Directors in Lieu of First Meeting dated May 4, 1994.

IN WITNESS WHEREOF, I have hereunto subscribed my hand and affixed the seal of the Corporation this 4th day of May, 1994.



Ruth G. Evans, Secretary

(SEAL)

EXHIBIT "C"

LEGAL DESCRIPTION OF ANNEXABLE TERRITORY

All that certain real property located in the County of Orange, State of California, described as follows:

Tract No. 14862, as shown on a Subdivision Map Filed on April 26, 1994, in Book 709, at Pages 1 to 6, inclusive, of Miscellaneous Maps, in the Office of the Orange County Recorder;

EXCEPTING THEREFROM, Phase 1, as defined in the Declaration, to which this Exhibit is attached; and

Portion of Parcel 6, LL 93-023, Instrument No. 93-0671860 of Official Records of County of Orange, and

Lot 4 of Tract 14595, as shown on a map filed in Book 693, pages 18 to 22 inclusive of Miscellaneous Maps, records of Orange County, California.