

BYLAWS

OF

THE WESTMINSTER COLONY HOMEOWNERS ASSOCIATION

ARTICLE I
NAME AND LOCATION

The name of the corporation is THE WESTMINSTER COLONY HOMEOWNERS ASSOCIATION, a California nonprofit corporation.

The principal office of the corporation shall be located in the County of Orange, State of California.

ARTICLE II
DEFINITIONS

Section 1. "Declarant" shall mean and refer to SOUTHPORT DEVELOPMENT CORPORATION, a California corporation, its successors and assigns if such successors or assigns should acquire more than one undeveloped Unit from the Declarant for the purpose of development.

Section 2. "Declaration" shall mean and refer to that certain Declaration of Establishment of Covenants, Conditions and Restrictions, as amended from time to time as therein provided, recorded in Book 1270, Pages 1280 through 1302, inclusive, of Official Records, Office of the County Recorder, County of Orange, State of California, which Declaration is incorporated herein by this reference.

Section 3. The definitions contained in the Declaration are incorporated herein by reference.

ARTICLE III
MEMBERSHIP

Section 1. Membership: Every Owner of a Unit which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Unit which is subject to assessment.

Section 2. Assessments:

(a) Payment of Assessments: As more fully provided in the Declaration, each Member is obligated to pay

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Homeowners*

to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent, and, in addition to all other legal and equitable rights or remedies, the Association may bring an action at law against the Owner or Owners personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by abandonment of his Unit.

(b) Method of Computation: The method of computing the annual and special assessments shall be as set forth in the Declaration.

(c) Uniform Rate: All assessments must be fixed at a uniform rate for all Units and must be collected on a monthly basis.

Section 3. Suspension of Membership: The voting rights of any Member, may be suspended by action of the Board of Directors during any period when assessments owing by such Member remain unpaid and delinquent; but, upon payment of such assessments, his rights and privileges shall be automatically restored.

Section 4. Additions to Property and Membership: Additions to the Property may be made only in accordance with the provisions of the Declaration. Such additions shall extend the jurisdiction, function, duties and membership of this Association to such additional property.

ARTICLE IV VOTING RIGHTS

The Association shall have two classes of voting membership:

Class A: Class A Members shall be all owners with the exception of the Declarant and shall be entitled to one vote for each Unit owned. When more than one person holds an interest in any Unit, all such persons shall be Members. The vote for such Unit shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Unit.

Class B: The Class B Member shall be the Declarant. The Class B Member shall be entitled to three votes for each Unit in which it holds the interest required for membership by the Declaration; provided that the Class B membership shall cease and become converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

(a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

(b) on December 31, 1979.

ARTICLE V
PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT
OF COMMON AREAS

Section 1. Each Member shall be entitled to the use and enjoyment of the Common Area and facilities as provided in the Declaration.

Section 2. Any Member may delegate his rights of enjoyment in the Common Area and facilities to the members of his family who reside within the Property or to any of his tenants who reside thereon under a leasehold interest for a term of one (1) year or more. Such Member shall notify the Secretary in writing of the name of any such person or persons and of the relationship of the Member to such person or persons. The rights and privileges of such persons are subject to suspension under Article III, Section 3 hereof, to the same extent as those of the Member.

ARTICLE VI
MEETINGS OF MEMBERS

Section 1. Place of Meetings: All annual and other meetings of Members shall be held at the Property or as near thereto as practicable at a place designated by the Board of Directors.

Section 2. Annual Meetings: The first annual meeting of the Members shall be held within forty-five (45) days after the sale of the Unit to an Owner, which represents the 51st percentile interest authorized for sale under the first Final Subdivision Public Report issued for the Project, or within six (6) months after the sale of the first Unit to an Owner, whichever shall first occur, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 8 o'clock P.M. 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.

Section 3. Special Meetings: Special meetings of the Members may be called at any time by the President or by the Board of Directors or upon the written request of one or more Members holding not less than twenty-five percent (25%) of the voting power of the entire membership or holding not less than fifteen percent (15%) of the voting power excluding Declarant.

Section 4. Notice of Meeting. Except as otherwise provided in the Articles of Incorporation or in the Declaration of Covenants, Conditions and Restrictions, written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary, or other person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days, but not more than sixty (60) days before such meeting, to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting. If the Member supplies no address, notice shall be deemed to have been given him if mailed to the place where the principal office of the Association is situated, or published at least once in some newspaper of general circulation in the County of Orange.

Section 5. Quorum and Adjournment: At the first meeting duly called, the presence thereat of Members or proxies entitled to exercise not less than fifty percent (50%) of the voting power of the membership shall constitute a quorum for the transaction of business. 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 a quorum is present, the meeting may be adjourned from time to time by the vote of a majority of the Members present in person or by proxy and entitled to vote thereat. If the meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting other than by announcement at the meeting at which such adjournment is taken.

If the required quorum is not present or represented at the meeting, the Members entitled to vote thereat may adjourn the meeting, without notice, to a time not less than five (5) days nor more than thirty (30) days from the time the preceding meeting was called, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

Except where a greater portion of the voting power is required by the Articles of Incorporation, the Declaration or these Bylaws, a majority of the voting power present, in person or by proxy, shall prevail at all meetings.

Section 6. 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. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Unit.

Section 7. Entry of Notice: Whenever any Member entitled to vote has been absent from any meeting of Members, whether annual or special, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such meeting was given to such Member or Members as required by law and by the Articles of Incorporation, Declaration and Bylaws of the Association.

Section 8. Voting Cumulative: Voting may be viva voce or by ballot; provided, however, that all elections for directors must be by secret written ballot. Every Member entitled to vote at any election for directors of this Association shall have the right to cumulate his votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which he is entitled, or to distribute his votes on the same principle among as many candidates as he shall think fit. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected.

Section 9. Consent of Absentees: The transaction of business at 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 entitled to vote, 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.

Section 10. Action Without Meeting: Any action which under the provisions of the laws of the State of California may be taken at a meeting of the Members, may be taken without a meeting, if authorized by a writing signed by all of the Members who would be entitled to vote at a meeting for such purpose, and filed with the Secretary of the Association.

ARTICLE VII
BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number: The affairs of this Association shall be managed by a Board of five (5) directors, who need not be Members of the Association.

Section 2. Election: At the first annual meeting, the Members shall elect three directors for a term of one (1) year and two directors for a term of two (2) years; and at each annual meeting thereafter the Members shall elect directors for a term of two (2) years to succeed those directors whose terms have expired. If any annual meeting is not held, or the directors are not elected thereat, the directors may be elected at any special meeting of Members held for that purpose. All directors shall hold office until their respective successors are elected.

At each annual meeting, three (3) directors shall be elected solely by the Class A membership, excluding Declarant if it is then a Class A member.

Section 3. Vacancies: Vacancies in the Board may be filled by a majority of the remaining directors, though less than a quorum, and each director so elected shall hold office for the unexpired term of his predecessor and until his successor is elected at an annual meeting of Members, or at a special meeting called for that purpose.

The entire Board of Directors of the Association may be removed by a vote of the owners holding a majority of the outstanding memberships entitled to vote at an election of the Directors. An individual Director shall not be removed if the number of votes against the resolution for his removal exceeds the quotient arrived at when the total number of authorized votes is divided by one plus the authorized number of directors, provided, however, that notwithstanding the foregoing, a Director who was elected to office solely by the votes of the Members excluding the Declarant may be removed from office by a vote of the Owners, holding a majority of the voting power excluding Declarant. If any or all directors are so removed, new directors may be elected at the same meeting.

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

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

If any director tenders his resignation to the Board, the Board shall have power to elect a successor to take office at such time as the resignation shall become effective.

Section 4. Compensation: No director shall receive compensation for any service he may render to the Association as such. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE VIII
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 or special meeting as the case may be. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting to serve from the close of such annual meeting until the close of the next 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 number of vacancies that are to be filled. Such nominations may be made from among Members or non-members.

ARTICLE IX
MEETINGS OF DIRECTORS

Section 1. Place of Meeting: Regular meetings of the Board shall be held at any place within the Property which has been designated from time to time by resolution of the Board or by written consent of all members of the Board. In the absence of such designation, regular meetings shall be held at the principal office of the Association. Special meetings of the Board may be held either at a place so designated or at the principal office.

Section 2. Organization Meeting: Immediately following each annual meeting of Members, the Board shall hold a regular meeting for the purpose of organization, election of officers, and the transaction of other business. Notice of such meetings is hereby dispensed with.

Section 3. Other Regular Meetings: Other regular meetings of the Board shall be held at such time and place as may be fixed from time to time by resolution of the Board, but in no event less frequently than every three months. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day thereafter ensuing which is not a legal holiday. Notice of the time and place of such meeting shall be posted at a prominent place or places within the Property.

Section 4. Special Meetings: Special meetings of the Board for any purpose or purposes may be called at any time by the Chairman of the Board or by the President of the Association, or, if they are absent or unable or refuse to act, by any Vice President or by any two directors.

Written notice of the time and place of special meetings shall be posted at a prominent place or placed within the Property and shall also be delivered personally to the directors or sent to each director by letter or by telegram, charges prepaid, addressed to him at his address as it is shown upon the records of the Association, or if it is not so shown upon the said records of the Association, or if it is not so shown upon the said records or is not readily ascertainable, at the place in which the meetings of the directors are regularly held. In case such notice is mailed or telegraphed, it shall be deposited in the United States mail or delivered to the telegraph company in the place in which the principal office of the Association is located at least seventy-two (72) hours prior to the time of the holding of the meeting. In case such notice is delivered personally to any director as above provided, it shall be so delivered at least seventy-two (72) hours prior to the time of the holding of the meetings. Such mailing, telegraphing, or delivery as above provided shall be due, legal and personal notice to such director. The notice shall specify the time and place of the meeting and the nature of any special business to be considered.

Section 5. Notice of Adjournment: Notice of adjournment of any directors' meeting, either regular or special, need not be given to absent directors, if the time and place are fixed at the meeting adjourned.

Section 6. Entry of Notice: Whenever any director has been absent from any special meeting of the Board, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such special meeting was given to such director, as required by law and by the Bylaws of the Association.

Section 7. Quorum: A majority of the number of directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board.

Section 8. Attendance by Members: Regular and special meetings of the Board shall be open to all Members of the Association provided, however, that Members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board.

Section 9. Adjournment: A quorum of the directors may adjourn any directors' meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum a majority of the directors present at any directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 10. Attendance at Meetings: If a director shall fail to attend three (3) consecutive meetings of the Board without leave of absence granted by said Board, his office as a director may be declared vacant by a vote of a majority of all the remaining directors. The Board may, with the approval of a majority of a quorum of its members, 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 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.

ARTICLE X
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers: Subject to limitations of the Articles of Incorporation, the Declaration, or the Bylaws, and the laws of the State of California as to action required to be authorized or approved by the Members, and subject to the duties of directors as prescribed by the Bylaws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Association

shall be controlled by, the Board of Directors. Without prejudice, to such general powers, but subject to the same limitations, it is hereby expressly declared that the directors shall have the following powers, to wit:

(a) To select and remove all the other officers, agents, and employees of the Association, prescribe such powers and duties for them as may not be inconsistent with law, with the Articles of Incorporation, the Declaration, or the Bylaws, fix their compensation and, at the discretion of the directors, require from them security for faithful service.

(b) To adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the Members and their guests and delegates thereon, and to establish penalties for the infraction thereof.

(c) To conduct, manage, control the affairs and business of the Association.

(d) To establish and change the principal office for the transaction of the business of the Association from one location to another within the County of Orange; to designate any place within the County of Orange for the holding of any Members' meeting or meetings provided that said place shall be as close as practicable to the Property; and to adopt, make, and use a corporate seal and to alter the form of such seal from time to time as in their judgment they deem best; provided such seal shall at all times comply with the provisions of law.

(e) To contract and pay for maintenance, gardening, utilities, materials and supplies and services relating to the Property, Common Area and/or facilities, and to employ personnel reasonably necessary for the operation of the Association, including lawyers and accountants where appropriate. The term of any such service contract shall be limited to a duration of one (1) year. Provided that, any management agreement entered into by the Association shall be terminable for cause by the Association upon thirty (30) days' written notice thereof, and the term of any such agreement shall not exceed one year, renewable by agreement of the parties for successive one-year periods.

(f) To contract and pay for the use and enjoyment of recreational facilities by the Members of the Association.

(g) To pay taxes and special assessments which are or could become a lien on the Common Area.

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

(i) To grant easements where necessary for utilities and sewer facilities over the Common Area of the Property, if any.

(j) To procure and maintain adequate public liability and fire and extended coverage insurance for the Common Area and facilities thereon.

(k) To procure and maintain adequate bonds for all officers of the Association having fiscal responsibilities in the Association.

(l) To sell property of the Association; provided that any such sale of property in one fiscal year having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year may not be consummated without the vote or written assent of a majority of the voting power of the Association, excluding Declarant.

(m) To exercise all other powers granted to the Board of Directors by the Declaration, the Articles of Incorporation or the Bylaws, or the laws of the State of California.

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

(a) To cause to be kept a complete record of all of its acts and corporate affairs and cause an annual independent audit of the Association's account or accounts to be made and to cause a copy of such report to be distributed to each Member within ninety (90) days after the end of the fiscal year.

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

(c) As more fully provided in the Declaration to:

(1) Fix the amount of the annual and special assessments against each Unit at least thirty (30) days in advance of each annual assessment period;

(2) Prepare a roster of the Units within the Property and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner during normal business hours; and

(3) Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period.

(d) To furnish, or to cause an appropriate officer to furnish, upon demand by any person, a certificate signed by any officer of the Association, setting forth whether or not the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Unit is binding upon the Association as of the date of its issuance.

(e) To contract and pay premiums for fire, casualty, liability and other insurance, including indemnity and other bonds.

(f) To cause all officers or employees having fiscal responsibilities to be bonded.

(g) To cause the Common Area and facilities to be maintained and managed; provided that without the vote or written assent of a majority of the voting power of the Association, excluding Declarant, no expenditures for capital improvements to the Common Area may be incurred in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

(h) To perform all other duties as may be required of the Board of Directors by the Declaration, the Articles of Incorporation, the Bylaws, or the laws of the State of California.

ARTICLE XI
COMMITTEES

Section 1. The Board of Directors shall appoint a Nominating Committee as required by Article VIII of these Bylaws.

Section 2. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out the purposes of the Association, which may include:

(a) An Architectural Control Committee in accordance with the Declaration;

(b) A Recreational Committee which shall advise the Board of Directors on all matters pertaining to the recreational program and activities of the Association and shall perform such other functions as the Board of Directors in its discretion determines;

(c) A Maintenance Committee which shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the Common Areas and facilities and shall perform such other functions as the Board of Directors in its discretion determines;

(d) A Publicity Committee which shall inform the Members of all activities and functions of the Association, and shall, after consulting with the Board of Directors, make such public releases and announcements as are in the best interests of the Association; and

(e) A Finance Committee which shall supervise the annual audit of the Association's books and approve the annual budget and statement of income and expenditures to be presented to the membership at its annual meeting, as provided in these Bylaws. The Treasurer shall be an ex officio member of the Committee.

Section 3. It shall be the duty of each committee to receive complaints from Members on any matter involving Association functions and duties within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matters presented.

ARTICLE XII
OFFICERS

Section 1. Officers: The officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer. The Association may also have, at the discretion of the Board of Directors, a Chairman of the Board, one or more additional Vice Presidents, one or more Assistant Secretaries, and one or more Assistant Treasurers, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article. Any officer, other than the President and the Chairman of the Board, may be, but need not be, a member of the Board of Directors. One person may hold two or more offices except those of President and Secretary.

Section 2. Election: The officers of the Association, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article, shall be chosen annually by the Board of Directors, and each shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

Section 3. Subordinate Officers, Etc: The Board of Directors may appoint such other officers as the business of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws or as the Board of Directors may from time to time determine.

Section 4. Removal and Resignation: Any officer may be removed, either with or without cause, by a majority of the directors at the time in office, at any regular or special meeting of the Board of Directors, or, except in case of an officer chosen by the Board of Directors, by any officer upon whom such power of removal may be conferred by the Board of Directors.

Any officer may resign at any time by giving written notice to the Board of Directors or to the President, or to the Secretary of the Association. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Vacancies: A vacancy in any office because of death, resignation, removal, disqualification or any other cause, shall be filled by the Board of Directors at any regular or special meeting, and the officer so chosen shall hold office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

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

Section 7. President: Subject to such supervisory powers, if any, as may be given by the Board to the Chairman of the Board, if there shall be such an officer, the President shall be the chief executive officer of the Association, and shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the business and officers of the Association. He shall preside at all meetings of the Members and in the absence of the Chairman of the Board, or if there be none, at all meetings of the Board of Directors. He shall be ex officio, a member of all the standing committees and shall have such other powers and duties as may be prescribed by the Board of Directors or the Bylaws. The President shall also sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes of the Association.

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

Section 9. Secretary: The Secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the Board of Directors may order, of all meetings of directors and shareholders, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given,

the names of the present directors' meetings, the Members present or represented at Members' meetings and the proceedings thereof. The Secretary shall keep, or cause to be kept, a membership book containing the name and address of each Member. Termination of any membership shall be recorded in the book, together with the date on which the membership ceased.

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

Section 10. Treasurer: The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the Property and business transactions of the Association. The books of account shall at all times be open to inspection by any Director. The Treasurer shall also sign all checks and promissory notes.

The Treasurer shall deposit all monies and other valuables in the name and to the credit of the Association with such depositaries as may be designated by the Board of Directors. He shall disburse the funds of the Association as may be ordered by the Board of Directors, shall render to the President and Directors, whenever they request it, an account of all of his transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

Section 11. Compensation: No officer shall receive compensation for any service he may render to the Association as such. However, any officer may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE XIII MISCELLANEOUS

Section 1. Inspection of Association Records. The membership register, books of account and minutes of meetings of the Members, of the Board and of committees of the Board of the Association 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 Property as the Board shall prescribe.

For purposes herein, inspection may be made, upon two (2) days notice to the custodian of records, or to the President, Secretary or Assistant Secretary, on all weekdays, Monday through Friday, between the hours of 10:00 A. M. and 5:00 P. M. All costs of reprinting or copying shall be borne by the Member seeking

such copying.

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.

Section 2. Checks, Drafts, Etc: All checks, drafts, or other orders for payment of money, notes, or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by the President and Treasurer of the Association.

Section 3. Annual Independent Audit: An annual independent audit of the account or accounts of the Association shall be made, and a copy of such audit shall be distributed to each Member within sixty (60) days after the end of each fiscal year.

Section 4. Contracts, Etc., How Executed: The Board of Directors except as in the Bylaws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances, and unless so authorized by the Board of Directors, no officer, agent, or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

Section 5. Inspection of Bylaws: The Association shall keep in its principal office for the transaction of business, the original or a copy of the Bylaws, as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the Members at all reasonable times during office hours.

Section 6. Annual Report: The Board of Directors shall cause a copy of an annual report to be sent to each Member of the Association not later than sixty (60) days subsequent to the close of the fiscal or calendar year of the Association. The annual report shall include a balance sheet as of the last day of the Association's fiscal year and an operating statement for said fiscal year.

Within sixty (60) days of the last day of the month closest in time to six (6) months from the date of conveyance of the first Unit to an Owner, the Association shall send to

each Member a balance sheet and operating statement for the period from the date of the first conveyance to said date six (6) months thereafter. The operating statement for this six (6) month period shall include a schedule of assessments received or receivable itemized by Unit and by the name of the person or entity assessed.

Section 7. Budget: The Board of Directors shall cause a pro forma operating statement (budget) for each fiscal year to be distributed to each Member not less than sixty (60) days before the beginning of such fiscal year.

ARTICLE XIV AMENDMENTS

Section 1. Power of Members: Unless otherwise provided for herein, these Bylaws may be amended only by the affirmative assent or vote of not less than fifty-one percent (51%) of the Members, excluding the Declarant; provided that if the two-class voting structure as set forth in Article IV, above, is still in effect, these Bylaws may not be amended without the vote or assent of the prescribed percentage of both classes of membership.

Section 2. Power of Directors: Subject to the right of Members as provided in Section 1 of this Article XIV to adopt, amend or repeal Bylaws, Bylaws other than a Bylaw or amendment thereof changing the authorized number of directors, may be adopted, amended or repealed by the Board of Directors at any regular or special meeting thereof.

Section 3. Conflicts: In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

Section 4. Specific Voting Requirements: Any action by the Association which must have the approval of the Members before being taken shall require the vote or written assent of the prescribed percentage of each class of membership if the two-class voting structure as set forth in Article IV, above, is still in effect.