

BYLAWS
OF
WESTPORT AT MANDALAY BAY OWNERS ASSOCIATION

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BYLAWS
of
WESTPORT AT 1VIANDALAY BAY OWNERS ASSOCIATION,
a California nonprofit mutual benefit corporation
(the "Association")

ARTICLE 1
APPLICATION; DEFINED TERMS

Section 1.1 Application. These Bylaws govern the Association, the entity formed for the purpose of managing that certain common interest master planned development known as "Westport at Mandalay Bay," located in the City of Oxnard, County of Ventura, State of California (the "Project"). The Project is subject to the provisions of that certain Declaration of Conditions, Covenants and Restrictions for Westport at Mandalay Bay dated as of November 21, 2002 (the "Declaration"), and recorded in the Official Records of Ventura County, California, on December 20, 2002, as Instrument No. 2002-0324333 and re-recorded in said Official Records on February 5, 2003, as Instrument No. 2003-0038089.

Section 1.2 Definitions; Conflicts. Terms with initial capitalized letters used but not otherwise defined herein shall have the meanings set forth therefor in the Declaration. In the event of a conflict between the provisions of these Bylaws and those of the Declaration, the provisions of the Declaration shall prevail.

Section 1.3 Time Periods. References herein to any period of time shall be calculated on the basis of calendar days unless expressly provided herein to the contrary, and any such time period which ends on a Saturday, Sunday or legal holiday shall be extended so that it ends on the next business day.

ARTICLE 2
OFFICE

Section 2.1 Office Location. The office of this Association shall be located initially at the offices of Declarant at 21900 Burbank Boulevard, Suite 114, Woodland Hills, CA 91367 or at such other place as may be fixed by the Board from time to time.

• ARTICLE 3
MEMBERSHIP AND VOTING RIGHTS

Section 3.1 Voting Rights. The Association shall have three (3) classes of membership, each with voting rights as provided in Sections 3.3 and 18.3 of the Declaration, which provisions of the Declaration are incorporated herein by this reference.

ARTICLE 4
MEMBERSHIP ASSESSMENTS AND LIEN RIGHTS

Section 4.1 Annual Assessments. The Board shall fix and determine from time to time annual assessments to be paid by each Owner in monthly installments in advance for the purpose of operating, maintaining and repairing the Project Common Area, and for paying the necessary expenditures of the Association as provided in these Bylaws and the Declaration. The annual assessments shall include an adequate reserve fund for the periodic maintenance, repair, and replacement of the Project Common Area as set forth in the Declaration.

Section 4.2 Special Assessments. In addition to the annual assessments authorized above, the Board may levy special assessments for the purpose of defraying, in whole or in part, the cost of any capital improvement to the Project Common Area, including the cost of major repair or rebuilding, to reimburse the Association for costs and expenses incurred in enforcing compliance by an Owner or his Project Unit with the provisions of the Declaration, the Articles of Incorporation, Bylaws and Rules and Regulations adopted by the Board, or for such other purpose as set forth in the Declaration.

Section 4.3 Lien Rights. Provisions for the enforcement of liens and assessments by the Association are set forth in the Declaration.

Section 4.4 Payment of Assessments by Declarant. Declarant (including any Merchant Builder) shall pay all assessments levied by the Association against any Project Unit that is then subject to assessment and owned by Declarant (or a Merchant Builder) at the same time, in the same manner and in the same amounts as any other Owner.

Section 4.5 Commencement of Annual Assessments. The annual assessments shall commence as to all Project Units in a Phase, as set forth in the Declaration, on the first day of the month following the Transfer of the first Project Unit in that particular Phase to an Owner (other than to a Merchant Builder).

Section 4.6 Contingent Assessments. Each Project Unit shall also be subject to certain Contingent Assessments if and when the same become payable to the City as described in Section 2.11 of the Declaration.

ARTICLE 5 MEMBERSHIP RIGHTS, PRIVILEGES AND PENALTIES

Section 5.1 Membership Rights; Suspension. Unless otherwise provided in the Declaration, and subject to the Rules and Regulations adopted by the Board, each Member of the Association, his immediate family, guests and tenants shall have the right to use and enjoy the Project Common Area. The membership rights and privileges, together with the voting rights of any Member, may be suspended by the Board for any period of time during which the assessment on his Project Unit remains unpaid, and for a period not to exceed thirty (30) days, for any infraction of the Association's published Rules and Regulations after reasonable written notice and an opportunity for a hearing before the Board. Should the Board believe grounds may exist for any such suspension, the Board shall give to the Member believed to be in violation at least fifteen (15) days prior written notice of the intended suspension and the reasons therefor. The Member shall be given an opportunity to be heard before the Board either orally or in writing not less than five (5) days before the effective date of suspension. The notice required hereby may be given by any method reasonably calculated to provide actual notice. Any notice given by mail must be given by first class or registered mail sent to the last address of the Member as shown on the Association's records. No such suspension shall affect the rights of access of such Member to his Project Unit.

Section 5.2 Penalties. The Board of Directors may adopt Rules and Regulations imposing reasonable monetary penalties for any period of time during which any Member is determined by the Board to be in breach of the provisions of the Declaration or of these Bylaws. No such monetary penalty shall be effective unless the Member receives fifteen (15) days prior written notice of the proposed penalty and the reasons therefor and is given an opportunity to be heard either orally or in writing before the Board not less than five (5) days before the proposed effective date of the monetary penalty. The notice required hereby may be given by any method reasonably calculated to provide actual notice. Any notice given by mail must be given by first class or registered mail sent to the last address of the Member as shown on the Association's records.

Section 5.3 Transfers. The Association membership held by any Owner of a Project Unit shall not be transferred, pledged, or alienated in any way, except upon the sale or encumbrance of such Project Unit. In

the event of such sale or encumbrance, the Association membership may only be transferred, pledged or alienated to a bona fide purchaser of the Project Unit, or to the mortgagee (or third-party purchaser) of such Project Unit upon a foreclosure sale. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association.

ARTICLE 6 MEETINGS OF MEMBERS

Section 6.1. Place of Meeting. All meetings of Members shall be held at the Project or at such other location in Ventura County, California, in reasonable proximity to the Project, as may be designated in the notice of meeting.

Section 6.2 Annual Meetings of Members. The first meeting of Members, whether a regular or special meeting, shall be held within forty-five (45) days after the close of escrow for the sale of fifty-one percent (51%) of the residential Project Units covered by the first Final Report issued for a Phase of the Project, provided that said Final Report authorizes the sale of fifty (50) residential Project Units or more. However, in no event shall the meeting be held later than six (6) months after the first residential Project Unit Transfer occurs without regard to the number of Project Units authorized for sale in any Final Report. Subsequent annual meetings of Members shall be held on the annual anniversary of the first annual meeting of Members or at such other date and time as may be fixed by the Board but in no event shall an annual meeting be held less than once each calendar year. Should any annual meeting day fall upon a legal holiday, then such annual meeting of Members shall be held at the same time and place on the next business day thereafter. An election of directors shall be held at the first annual meeting of Members and all positions of directors shall be filled at that election.

Section 6.3 Special Meetings. Special meetings of Members, for any purpose or purposes whatsoever, may be called at any time by the president and shall be called promptly in response to the vote of a majority of a quorum of the Board, or by the written request of five percent (5%) or more of the voting power of the Members. A special meeting called by any person (other than the Board) entitled to call a meeting shall be made by submitting a written request specifying the general nature of the business to be transacted to the president, any vice president or secretary of the Association. The officer receiving the notice shall cause notice to be given to the Members in the manner required by Section 6.4 hereof that a meeting will be held at a date, time and place fixed by the Board, which meeting shall be held not less than thirty-five (35) days and not more than ninety (90) days after receipt of the request. If the notice is not given within twenty (20) days after the receipt of the request, the person or persons requesting the meeting may give the notice.

Section 6.4 Notice of Meetings. Notice of all meetings of Members, whether annual or special, shall be given to each Member and, upon written request therefor, to all First Mortgagees, either personally (including messenger service) or by sending a copy of the notice through the mail or by facsimile transmission or telegraph, charges prepaid, to the address appearing on the books of the Association or supplied by the Owner to the Association for the purpose of notice. If no address is supplied, notice shall be deemed to have been given if mailed to the address of the Project Unit owned by such Member or encumbered by the First Mortgagee, or published at least once in a newspaper of general circulation in the county of said principal office.

All such notices shall be sent not less than ten (10) days and not more than ninety (90) days before the date of the meeting and shall specify the place, day and hour of such meeting. If directors are to be elected at the meeting, the notice shall include the names of all those who are nominees at the time notice is given. In the case of a special meeting, the notice shall state the general nature of the business to be transacted and no other business may be transacted. In the case of the annual meeting, the notice shall state those matters that the Board intends, at the time the notice is given, to present to the Members for action, but any proper matter

may be presented at the meeting for action subject to the special notice requirements described in Section 6.5 hereof. Notwithstanding the foregoing, the Members may vote only on those matters for which notice was given in any meeting where the quorum requirements as described in Section 6.8 hereof is less than one-third (1/3) of the voting power of the Association and Members holding less than one-third (1/3) of that voting power actually attend.

Section 6.5 Special Notice Requirements. Approval by the Members of any of the following proposals, other than by unanimous approval of those Members entitled to vote, shall not be valid unless the general nature of the proposal was stated in the notice or in any written waiver of the notice:

- (a) removing a director without cause;
- (b) filling vacancies on the Board;
- (c) amending the Articles;
- (d) approving a contract or transaction between the Association and one or more directors or between the Association and any entity in which a director has a material financial interest;
- (e) electing to wind up and dissolve the Association.

Section 6.6 Waiver of Notice or Consent. 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 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.

Attendance of a Member at a meeting shall also constitute a waiver of notice of, and presence at, that meeting, unless the Members objects at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Also, attendance at a meeting is not a waiver of any right to object to the consideration of matters required to be included in the notice of the meeting but not included if that objection is expressly made at the meeting.

Section 6.7 Proof of Membership and Record Date. No person shall exercise the rights of membership in the Association until satisfactory proof of membership has been furnished to the Association. Such proof may consist of either a duly executed and acknowledged grant deed or title insurance policy showing that the person has an ownership interest (*i.e.*, a fee simple estate) in and to a specified Project Unit. Such deed or policy shall be deemed conclusive proof of the person's membership in the absence of a conflicting claim based on a later deed or policy.

For the purpose of determining the Members entitled to notice of any meeting, to vote or to exercise any other right in respect of any lawful action, the Board may fix, in advance, a record date as follows: (a) the record date for notice shall be not more than ninety (90) nor less than ten (10) days before the date of the meeting, (b) the record date for voting shall not be more than sixty (60) days before the date of the meeting or before the date on which the first written ballot is mailed or solicited, and (c) the record date for any other action shall not be more than sixty (60) days before the date of such action. If no record date is fixed by the Board, the record date shall be determined in accordance with *California Corporations Code Section 7611*. A person holding a membership as of the close of business on the record date shall be a Member of record.

Section 6.8 Quorum. The presence at any meeting in person or by proxy of Members entitled to cast at least fifty-one percent (51%) of each class of Members entitled to vote shall constitute a quorum for the transaction of business. Any membership meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the voting power present in person or represented by proxy to another time, but in the absence of a quorum no other business may be transacted at

any such meeting. 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 voting power to leave less than a quorum. In the event any meeting of Members cannot be held because a quorum is not present, the Members present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time of the original meeting date, at which meeting the quorum requirement shall be twenty-five percent (25%) of the total voting power of the Association; provided, however, if after adjournment a new date is fixed for the adjourned meeting, notice of the time and place of the adjourned meeting shall be given to the Members in the manner prescribed for regular meetings; provided further, that in the event the quorum requirement becomes twenty-five percent (25%) of the total voting power of the Association, then the only matters that may be voted upon at any meeting actually attended in person or by proxy by one-third (1/3) or less of the voting power are matters of which notice of the general nature of which was given in the notice of meeting. Notwithstanding the foregoing, meetings called or actions proposed to be taken by written ballot in order to approve increases in assessments shall be subject to the quorum requirements set forth in Sections 5.3, 5.4, and 5.5 of the Declaration.

Section 6.9 Proxies. Every person entitled to vote or execute consents shall have the right to do so either in person or by a written proxy executed by such person (or his duly authorized attorney-in-fact) and filed with the secretary of the Association. Any form of proxy or written ballot distributed by any person to the membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted on. 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 who is authorized to exercise the proxy and the length of time it will be valid. Any proxy or written ballot that is distributed to ten (10) or more Members shall satisfy the requirements of *California Corporations Code Section 7514(a)* if the Association has one hundred (100) or more Members. No proxy shall be valid with respect to a vote on the proposals described in Section 6.5 hereof to be approved by the Members unless the general nature of the matter to be voted on was set forth in the proxy.

A validly executed proxy shall continue in full force and effect until (a) written notice is received by the Association of the death or incapacity of the Member executing the proxy or (b) the Member executing the proxy revokes it before the vote is cast under that proxy by (i) delivering a written revocation to the Association, (ii) executing a subsequent proxy that is presented to the meeting, or (iii) attending and voting in person at any meeting. Unless the proxy indicates otherwise, it shall not be valid after eleven (11) months from the date of execution and in no event shall any proxy be valid after three (3) years from the date of execution. Notwithstanding any of the foregoing, all proxies shall be revocable and shall automatically terminate upon the transfer of title of the Member's Project Unit to a new Owner. The suspension of any Member's voting rights by the Association shall automatically suspend any proxy executed by that Member.

Section 6.10 Order of Business; Procedure. The order of business of all meetings of the Members shall be as follows:

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

All questions of parliamentary procedure shall be decided in accordance with *Roberts Rules of Order* or such other parliamentary procedures as may be adopted by the Board from time to time.

Section 6.11 Action by Unanimous Consent Any action which may be taken at a meeting of Members, except the election of directors where cumulative voting is a requirement, may be taken without a meeting if all of the Member consent in writing to the action. The written consent shall have the same force and effect as the unanimous vote of the Members. The written consent shall be filed with the minutes of the proceedings of the Members.

Section 6.12 Action by Written Ballot Any action that may be taken at any meeting of the Members (except the election of directors) may be taken by written ballot if the following requirements are satisfied:

(a) The Association distributes a written ballot to each Member entitled to vote on the matter. The ballot shall be given personally or by first class, registered or certified mail addressed to the Member either at the address of such Member appearing on the books of the Association or at the address given by the Member to the Association for purpose of notice. The ballot shall provide a reasonable time within which to be returned. If ballots are distributed to ten (10) or more Members and the Association has one hundred (100) or more Members, the requirements of *California Corporations Code Section 7514* shall be satisfied.

(b) Each ballot shall state: (i) the proposed action, (ii) an opportunity to specify approval or disapproval of any proposal, (iii) confirmation that if the Member specifies a choice, the vote shall be cast in accordance with that Member's choice, (iv) the time by which the ballot must be received by the Association in order to be counted, (v) the number of responses needed to meet the quorum requirement, and (vi) the percentage of approvals necessary to approve the proposed action.

(c) The proposed action shall be considered approved by written ballot if (i) within the time period specified the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and (ii) the number of approvals equals or exceeds the number of votes that would be required for approval at a meeting at which the total numbers of votes cast was the same as the number of votes cast by ballot.

(d) A written ballot may not be revoked.

Section 6.13 Mortgagee Representation. First Mortgagees shall have the right to attend all membership meetings through a representative designated in a writing delivered to the Board. Only those Mortgagees who deliver a written request to the Association to receive a notice of meetings of the Members shall be entitled to receive such notice.

ARTICLE 7 ELECTION AND TERM OF DIRECTORS

Section 7.1 Number. Initially , the Board of Directors shall consist of three (3) directors who shall be appointed by the incorporator and/ or Declarant and shall serve until the first annual meeting of the Members. Effective as of and at said first annual meeting of the Members, the number of directors on the Board shall be increased to and remain at five (5) until thereafter changed by amendment to this Section of the Bylaws. Directors need not be Members of the Association.

Section 7.2 Rights of Class C Member. As provided in the Declaration, whether or not Declarant is an Owner of a Project Unit, Declarant is and shall be the sole member of Class C until the Class C Termination Date occurs. Any provision hereof to the contrary notwithstanding, until the Class C Conversion Date occurs, Declarant shall be entitled to elect a majority of the members of the Board, and, thereafter, until the Class C Termination Date occurs, Declarant shall be entitled to elect twenty percent (20%) of the members of the Board, all in accordance with and as provided in Section 3.3 of the Declaration.

Section 7.3 Nomination. Except for the directors initially appointed or otherwise elected by Declarant as the Class C Member, nomination for election to the Board shall be made by a nominating committee consisting of three (3) persons. The nominating committee shall consist of a chairman, who shall be a director and two (2) other persons who are either Members of the Association or representatives of Declarant. Each member of the nominating committee shall be appointed by the Board to serve for a period of one (1) year, and vacancies thereon shall be filled by the Board. The nominating committee may make as many nominations as it desires but not less than the number of positions to be filled. Nominations may be made from among Members or non-Members. Notwithstanding the foregoing, any Member present in person or by proxy at a meeting in which a director or directors is/ are to be elected may place a name in nomination at the meeting prior to the vote.

The Board shall adopt procedures that provide for a reasonable opportunity for nominees to communicate their qualifications and reasons for candidacy to the Members and to solicit votes, and for a reasonable opportunity for all Member to choose among the nominees. Without authorization of the Board, no Association funds may be expended to support a nominee for director after there are more nominees than can be elected.

Section 7.4 Election of Directors. The initial directors appointed by Declarant shall hold office until the first annual meeting of the Members as specified in Section 6.2 hereof. At the first annual meeting, the Members shall elect directors to fill all the positions on the Board. Unless the office is vacated sooner as provided in Section 7.7 hereof, each director shall hold office until his or her term expires and a successor has been elected and qualified. Each director's term of office shall be two (2) years. Successor directors shall be elected at the next annual meeting when the terms of the directors are due to expire.

Any director may resign effective upon giving written notice to the president, the secretary or the Board, unless the notice specifies a later time for the effectiveness of such resignation. If the Board accepts the resignation of a director tendered to take effect at a future time, the Board or the Members shall have the power to elect a successor to take office when the resignation is to become effective.

Section 7.5 Cumulative Voting. The election of directors shall be by secret written ballot and, subject to the provision regarding specially elected directors in Section 7.6 hereof, the persons receiving the highest number of votes up to the number of positions to be filled shall be elected. Cumulative voting is required for all elections in which more than two (2) directors are to be elected. No Member shall be entitled to cumulate votes for a candidate or candidates unless such candidates' names have been placed in nomination prior to the voting and the Member has given notice at the meeting prior to the voting of the Member's intention to cumulate votes. If any Member has given such notice, all Members at any election for directors shall have the right to cumulate votes and give one (1) 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 see fit. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected. Unless the entire Board is removed from office by the vote of the Members, an individual director shall not be removed prior to the expiration of his term of office if the number of votes cast against his removal or not consenting in writing to his removal would be sufficient to elect the director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of directors authorized at the time of the most recent election of directors were then being elected. Any director elected to office solely by the votes of Members other than Declarant as provided below may be removed from office prior to the expiration of his term only upon the vote of a simple majority of the voting power of Members other than Declarant.

Section 7.6 Specially Elected Directors. As long as a majority of the voting power of the Association resides in Declarant, or as long as there are two (2) outstanding classes of membership in the Association, then no less than twenty percent (20%) of the directors shall be elected solely by the voting power of Members

other than Declarant. If Members other than Declarant are unable to elect at least twenty percent (20%) of the directors by the exercise of cumulative voting or otherwise, the number of positions on the Board necessary to meet the twenty percent (20%) requirement shall be filled by nominees elected by Members other than Declarant (the "specially elected directors"). Nominations for specially elected directors may be made by any Member other than Declarant by submitting a written nomination before the meeting to the secretary of the Association or by placing a name in nomination at the meeting prior to the vote. A specially elected director may be removed prior to the expiration of his or her term only by the vote or written assent of Members other than Declarant who hold a majority of the voting rights other than the voting rights held by Declarant. In case of the death, resignation or removal of a specially elected director, a successor shall be elected by Members other than Declarant to hold office for the unexpired term of his or her predecessor and until a successor has been elected and qualified. Except as otherwise provided in this Section, the provisions of the Declaration, the Articles and these Bylaws applicable to directors (including their election, removal, rights and duties) shall apply to specially elected directors.

Section 7.7 Vacancies. A vacancy on the Board of Directors shall be deemed to exist upon the occurrence of any of the following: (a) the death or resignation of any director, (b) the removal of a director by vote of the Members or by vote of a majority of all the votes entitled to be cast by all the Members if the Association has less than fifty (50) Members, provided that, if applicable, the vote for removal satisfied the requirements contained in the cumulative voting or specially elected director provisions in Sections 7.5 and 7.6 hereof, (c) the declaration by resolution of the Board of a vacancy in the office of a director who has been declared of unsound mind by order of court or convicted of a felony, (d) the increase in the authorized number of directors, or (e) the failure of the Members to elect the full authorized number of directors to be voted for at any annual or special meeting of Members at which any director or directors are to be elected.

Any vacancy on the Board of Directors may be filled by a majority vote of the directors then in office, whether or not less than a quorum, or by a sole remaining director, except for a vacancy created by removal of a director by vote of the Members or a vacancy of a specially elected director position, which vacancies shall be filled by the Members. In addition, the Members may fill any vacancy not filled by the directors. Any director elected to fill a vacancy shall hold office until the expiration of the term of his or her predecessor and until a successor has been elected. No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of his term of office.

ARTICLE 8 MEETINGS OF DIRECTORS

Section 8.1 Place of Meetings. Meetings of the Board shall be held at any place within the Project designated by the Board or described in the notice of the meeting. In the absence of any designation or notice, meetings shall be held at the principal office of the Association.

Section 8.2 Regular Meetings. Immediately following each annual meeting of the Members, the Board shall hold a regular meeting for the purpose of organization, election of officers and the transaction of other business. Notice of such meeting is hereby dispensed with. An emergency meeting of the Board may be called by the president of the Association or by any two (2) directors other than the president, if there are circumstances that could not have been reasonably foreseen that require immediate attention and possible action by the Board and that of necessity make it impractical to provide notice as required by Section 8.10 hereof.

Other regular meetings of the Board shall be held monthly at such time and place within the Project as may be fixed from time to time by resolution of the Board; provided that, if the business to be transacted by the Board does not require monthly meetings, regular meetings may be held less frequently but no less than one (1) regular meeting quarterly. If a regular meeting falls on a legal holiday, the meeting shall be held at the

same time on the next business day. Notice of the time and place of any regular meeting shall be posted at a prominent place or places within the Project Common Area and shall be given to each director not less than four (4) days before the meeting, provided, however, that notice need not be given to any director who signs a waiver of notice or written consent of the holding of the meeting. If the Project Common Area consists only of an easement or is otherwise unsuitable for posting of such notice, the Board shall communicate the notice of the time and place of such meeting by any means it deems appropriate.

Section 8.3 Special Meetings. Special meetings of the Board for any purpose or purposes may be called at any time by the president of the Association or by any two (2) directors other than the president. The notice shall specify the time and place of the special meeting and the nature of any special business to be considered, shall be posted in the manner prescribed for notice of regular meetings, and shall be sent to all directors not less than seventy-two (72) hours prior to the scheduled time of the meeting, or such notice shall be delivered personally or by telephone or telegraph not less than twenty-four (24) hours prior to the scheduled time of the meeting; provided, however, that notice of the meeting need not be given to any director who has signed a waiver of notice or a written consent to the holding of the meeting.

Section 8.4 Open Meetings. Regular and special meetings of the Board shall be open to all Members of the Association, provided that Members who are not directors may not participate in any deliberation or discussion unless expressly authorized to do so by the vote of a majority of the Board. Members shall be allowed to speak at the meeting subject to reasonable time limits imposed by the Board. The Board may, with the approval of a majority of the directors present at a meeting in which a quorum for the transaction of business has been established, 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 other matters of business of a similar nature. Only members of the Board shall be entitled to attend executive sessions. The nature of any and all business to be considered in executive sessions shall first be announced in open session, and any matter discussed in executive session shall be generally noted in the minutes of the Board. In addition, on request of any Member being disciplined by the Association, the Board shall meet in executive session to discuss the disciplinary matter, and the Member shall be entitled to attend that executive session.

Section 8.5 Quorum Requirements. A majority of the authorized number of directors shall 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, subject to the requirements of *California Corporations Code Section 7211(a)(8)* including, without limitation, the requirements relating to (a) approval of contracts or transactions between the Association and one or more directors or between the Association and any entity in which a director has a material financial interest, (b) creation of and appointments to committees of the Board, and (c) indemnification of directors. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors if any action taken or decision made is approved by at least a majority of the required quorum for that meeting. The directors may participate in a meeting through the use of conference telephone, electronic video screen communications, other communications equipment, provided they have complied with all requirements of *California Corporation Code Section 7211 (a)(6)*. Participation in such a telephonic or electronic meeting constitutes presence in person at that meeting.

Section 8.6 Adjourned Meetings. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given unless the original meeting is adjourned for more than twenty-four (24) hours. If the original meeting is adjourned for more than twenty-four (24) hours, then notice of any adjournment to another time and place shall be given, before the time of the adjourned meeting, to the directors who were not present at the time of the adjournment.

Section 8.7 Action Without Meeting. Any action that the Board is required or permitted to take may be taken without a meeting if all members of the Board shall individually or collectively consent in writing to

such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board and shall have the same force and effect as any other validly approved unanimous action of the Board. An explanation of any action so taken by the Board shall be posted in a prominent place within the Project within three (3) days after all of the written consents have been obtained. If the Project Common Area consists only of an easement or is otherwise unsuitable for posting the explanation of the action taken, the Board shall communicate said explanation to the Members by any means it deems appropriate.

Section 8.8 Waiver of Notice. Notice of a meeting need not be given to any director who, either before or after the meeting, signs a waiver of notice, a written consent to the holding of the meeting, or any approval of the minutes of the meeting. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consent and approvals shall be filed with the Association's records or made a part of the minutes of the meetings. Notice of a meeting need not be given to any director who attends the meeting and does not protest, before or at the commencement of the meeting, the lack of notice to him or her.

Section 8.9 Minutes of Meeting. The minutes, minutes proposed for adoption that are marked to indicate draft status or a summary of the minutes of any meeting of the Board, other than an executive session, shall be available to the Members of the Association within thirty (30) days of the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any Member of the Association on request and on reimbursement of the Association's costs in making that distribution. The Members shall be notified in writing at the time that the pro forma budget required in *California Civil Code Section 1365* is distributed or at the time of any general mailing to the entire membership of the Association of their right to have copies of the minutes of meeting of the Board, how and where those minutes may be obtained, and the cost of obtaining them.

Section 8.10 Notice to Members. Members of the Association shall be given notice of the time and place of any Board meeting (except for an emergency meeting) at least four (4) days before the meeting. Notice may be given by posting the notice in a prominent place or places within the Project Common Area, by mail or delivery of the notice to each Project Unit in the Project or by newsletter or similar means of communication. For purposes of the notice requirements, a "meeting" of the Board includes any congregation of a majority of the directors at the same time and place to hear, discuss or deliberate on any item of business scheduled to be heard by the Board except those matters that may be discussed in executive session.

• ARTICLE 9 POWERS AND DUTIES OF THE BOARD

Section 9.1 Powers. The Board shall all powers conferred on the Association as set forth in the Declaration and these Bylaws except those powers expressly reserved to the Members and subject to the requirements to obtain approval of the Members before certain actions may be taken. In addition, the Board shall appoint and remove at its pleasure all officers, agents, contractors, and employees of the Association and shall prescribe powers and duties for them that are consistent with the Declaration, the Articles, these Bylaws and applicable laws.

Section 9.2 Duties. The Board shall be responsible for the performance of the duties of the Association as set forth in the Declaration and these Bylaws and shall supervise all officers, agents, contractors, and employees of the Association for the proper performance of their duties.

Section 9.3 Standard of Care. Each director shall perform his or her duties as a director including the duties as a member of any committee of the Board on which the director serves, in good faith, in a manner such director believes to be in the best interests of the Association, and with such care (including reasonable inquiry) as an ordinarily prudent person in a like position would use under similar circumstances.

Section 9.4 Committees of the Board. The Board, by resolution adopted by a majority of the directors then in office, provided a quorum is present, may create one or more committees, each consisting of two (2) or more directors and no persons who are not directors, to serve at the pleasure of the Board. Appointments to committees of the Board shall be by majority vote of the directors then in office. The Board may appoint one or more directors as alternate members of any such committee who may replace any absent member of any meeting. Any such committee, to the extent provided in the resolution of the Board, shall have all of the authority of the Board except that no committee regardless of Board resolution may:

- (a) take any final action on any matter which, under the Declaration or the *California Nonprofit Mutual Benefit Corporation Law* also requires approval of the Members or approval of a majority of all Members;
- (b) fill vacancies on the Board or on any committee which has the authority of the Board;
- (c) amend or repeal these Bylaws or adopt new bylaws;
- (d) amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable;
- (e) appoint other committee of the Board or the members of those committees; or
- (f) expend corporate funds to support a nominee for director after there are nominees that can be elected.

Meetings and actions of committees of the Board shall be governed by, held, and taken in accordance with the provisions of these Bylaws concerning meetings and other actions of the Board, except that the time for regular meetings of such committees and calling of special meetings of such committees may be determined either by resolution of the Board or, in the absence of a resolution of the Board, by resolution of the committee. Minutes of each meeting of any committee of the Board shall be kept and shall be filed with the corporate records. The Board may adopt rules for the government of any committee not inconsistent with the provisions of these Bylaws or in the absence of rules adopted by the Board, the committee may adopt such rules.

Section 9.5 Financial Review Requirements. The Board shall review on at least a quarterly basis a current reconciliation of the Association's operating and reserve accounts, the current year's actual reserve revenues and expenses compared with the current year's budget, and an income and expense statement from the Association's operating and reserve accounts. In addition, the Board shall review the latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts.

Section 9.6 Compensation and Fees. Neither the directors nor the officers of the Association shall receive any monetary compensation for their services performed in the conduct of business of the Association; provided, however, that the Board may cause a Member, officer, or director to be reimbursed for expenses incurred in carrying on the business of the Association.

Section 9.7 Additional Powers. In addition to all other powers and duties of the Association set forth herein or the Declaration and subject to the provisions hereof and of the Declaration, the Articles, and the *California Nonprofit Mutual Benefit Corporation Law*, the Association shall have the following powers and duties:

9.7.1 Management of Business. To conduct, manage and control the affairs and business of the Association, and to make such reasonable Rules and Regulations therefor not inconsistent with law, the Articles, these Bylaws and the Declaration as they deem best, including Rules and Regulations for the operation of the Project Common Area and the recreational facilities located therein, if any. The Rules and Regulations as adopted, amended or repealed by the Board of Directors shall be mailed to each Member and posted at a conspicuous location in the Project Common Area if appropriate.

9.7.2 Borrowing of Money. To borrow money and incur indebtedness for the purposes of the Association, and to cause to be executed and delivered therefor, in the corporate name, promissory notes or other evidences of debt and with the vote or written assent of two-thirds (2/3) of the voting power of each class of Members of the Association (a) to hypothecate any or all of the real or personal property owned by the Association as security for money borrowed or debts incurred, and (b) to sell any real or personal property owned by the Association. After conversion of the Class B membership to Class A membership, the action herein requiring membership approval shall require the vote or written consent of two-thirds (2/3) of the voting power of Members of the Association and, for so long only as Declarant holds or directly controls twenty-five percent (25%) or more of the voting power of Members of the Association, two-thirds (2/3) or more of the voting power of Members of the Association other than Declarant.

9.7.3 Insurance. To contract and pay for fire, casualty, liability, fidelity and other insurance adequately insuring the Association and Owners with respect to the Project Common Area and the affairs of the Association, which shall include bonding of the members of any management body. Notwithstanding any provisions to the contrary herein, so long as the Federal National Mortgage Association ("FNMA") holds a Mortgage on or owns a Project Unit, the Association shall continuously maintain in effect all casualty and liability insurance and fidelity bonds, meeting all requirements and containing such coverage and endorsements as may be required from time to time by FNMA. Whether or not FNMA holds any Mortgage or owns any Project Unit, fidelity insurance shall be in the form of a bond or insurance in an amount at least equal to the sum of three (3) months' assessments on all Project Units in the Project, which names the Association as obligee and protects against misuse and misappropriation of the assets and/or property of the Association by directors, officers and employees of the Association and any management agent and its employees whether or not any such persons are compensated for their services.

9.7.4 Project Common Area; Cost Center Improvements. To manage, operate, maintain, insure and repair the Project Common Area and all improvements located thereon as well as Cost Center Improvements, if any exist in the Project, and to make capital expenditures for and on behalf of the Association with the vote or written assent of a majority of the voting power of each class of Members of the Association; provided, however, that after conversion of the Class B membership to Class A membership, capital expenditures shall require the vote or written assent of a majority of the voting power of Members of the Association, and, for so long only as Declarant holds or directly controls twenty-five percent (25%) or more of the voting power of Members of the Association; a majority of the voting power of Members of the Association other than Declarant. Notwithstanding the foregoing, the voting requirements for capital expenditures with respect to Cost Center Improvements shall be based on the foregoing formulas but shall be limited to the voting power of those Members whose Project Units are included in the particular Cost Center for which capital expenditures are proposed or required.

9.7.5 Right to Contract. To contract and pay for goods and services relating to the Project Common Area (including Cost Center Improvements), and to employ personnel necessary for the operation and maintenance of the same, including legal and accounting services; provided, however, that the term of any contract with a third person for supplying goods or services to the Project Common Area or for the Association shall not exceed a term of one (1) year unless a longer term is approved by a majority of the voting power of each class of Members of the Association, or after conversion of the Class B membership to Class A membership, unless such longer term is approved by a majority of the voting power of Members of the Association, and a majority of the voting power of Members of the Association other than Declarant; except that (a) a contract with a public utility company for materials or services the rates for which are regulated by the Public Utilities Commission may exceed a term of one (1) year so long as it does not exceed the shortest term for which the public utility will contract at the regulated rate; (b) a contract for prepaid casualty and/ or liability insurance policies may be for a term of not to exceed three (3) years, provided that the policy permits short rate cancellation by the Association; a management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration, may exceed a term of one (1) year; (c) lease agreements for laundry room fixtures and equipment of not to exceed five (5) years duration

provided that the lessor under the agreement is not an entity in which Declarant has a direct or indirect ownership interest of ten percent (10%) or more; (d) agreements for cable television services and equipment or satellite dish television services and equipment of not to exceed five (5) years duration provided that the supplier is not an entity in which Declarant has a direct or indirect ownership interest of ten percent (10%) or more; and (e) agreements for sale or lease of burglar alarm and fire alarm equipment, installation and services of not to exceed five (5) years duration provided that the supplier or suppliers are not entities in which Declarant has a direct or indirect ownership interest of ten. percent (10%) or more. Any provision hereof to the contrary notwithstanding, any agreement or contract providing for services by Declarant shall be terminable for cause upon thirty (30) days written notice, and without cause or payment of a termination fee upon ninety (90) days, or fewer, written notice and shall have a term of not more than three (3) years, renewable with the consent of the Association and the management agent. Except as provided herein, no contract with the Association negotiated by Declarant shall exceed a term of one (1) year.

9.7.6 Right To Delegate; Professional Management. To delegate any of its powers and duties to its employees, committees or agents including a professional management agent. Any agreement for professional management of the Project shall be terminable by either party with or without cause and without payment of a termination fee on thirty (30) days written notice. The term of any such agreement shall not exceed one (1) year although such agreement may be renewed from year to year by the Association. If the Project is professionally maintained or managed, the Board shall not terminate professional management and assume self-management without the consent of seventy-five percent (75%) of First Mortgagees.

9.7.7 Payment of Taxes. To pay any taxes and governmental special assessments which are or could become a lien on the Project Common Area or any portion thereof.

9.7.8 Adoption of Rules. To adopt reasonable Rules and Regulations for the Project and portions thereof not inconsistent with the provisions contained in the Declaration, and to amend the same from time to time, relating to the use of the Project Common Area and/ or other areas of the Project including, without limitation, the size, use, maintenance, and repair of boats and docks and related facilities by Owners of Dock Lots.

9.7.9 Right to Discipline Members. To suspend any Member's voting rights and rights to use the recreational facilities and Project Common Area when that Member is in default in the payment of any assessment for any period during which such assessment remains unpaid and, for a period not to exceed thirty (30) days, for any infraction of the published Rules and Regulations, provided that said suspension occurs after reasonable written notice and opportunity for a hearing before the Board as provided in Article 5 hereof.

9.7.10 Budgets, Financial Statements. To prepare budgets and financial statements for the Association as provided in these Bylaws and the Declaration.

9.7.11 Notices to First Mortgagees. Upon the written request of the holder of any First Mortgage encumbering any Project Unit, to notify the same in writing of any default specified in the Declaration by the Owner of such Project Unit in the performance of the Owner's obligations that is not cured within thirty (30) days. In addition, upon the written request of the holder of any First Mortgage, to give timely written notice to such First Mortgagees of any substantial damage to or destruction of any Project Unit, or any part of the Project Common Area and, if any Project Unit or any portion thereof, or the Project Common Area or any portion thereof, is made the subject of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, to give timely written notice to such First Mortgagees of any such proceeding or proposed acquisition.

9.7.12 Notice to Federal Home Loan Mortgage Corporation. To give notice in writing to the Federal Home Loan Mortgage Corporation ("FHLMC"), in care of the servicers of FHLMC loans on Project Units,

provided such servicers have informed the Association in writing of their addressees, of any loss to or taking of the Project Common Area if such loss or taking exceeds Ten Thousand Dollars (\$10,000.00), and of any damage to a Project Unit if such damage exceeds One Thousand Dollars (\$1,000.00).

9.7.13 Right to Litigate. To prosecute or defend, in the name of the Association, any action affecting or relating to the Project Common Area owned by the Association, and any action in which all or substantially all of the Owners have an interest

9.7.14 Availability of Documentation. To make available to any prospective purchaser of a Project Unit, any Owner of a Project Unit, any First Mortgagee, and the holders, insurers and guarantors of a First Mortgage on any Project Unit, current copies of the Declaration, the Articles, these Bylaws, the Rules and Regulations governing the Project and all other books, records and financial statements of the Association subject to reimbursement for the cost of copying and distributing the same.

9.7.15 Right to Grant Easements. To grant utility, access and other easements under, through and over the Project Common Area to the extent required by any Governmental Agency and/ or reasonably necessary to the ongoing development and operation of the Project.

ARTICLE 10 OFFICERS AND THEIR DUTIES

Section 10.1 Officers. The officers of the Association shall be a president, a secretary and a chief financial officer. The Association may also have, at the discretion of the Board, one (1) or more vice presidents, one (1) or more assistant secretaries, one (1) or more assistant treasurers and such other officers as may be appointed in accordance with the provisions of Section 10.3 hereof. Any number of offices may be held by the same person.

Section 10.2 Appointment of Officers. The officers of the Association, except such officers as may be appointed in accordance with the provisions of Section 10.3 hereof, shall be chosen annually by the Board and shall serve at the pleasure of the Board. The Board shall appoint one (1) of its directors as president and one (1) as the chief financial officer; the other officers need not be directors.

Section 10.3 Other Officers. The Board may appoint and may authorize the president, or another officer, to appoint such other officers as the business of the Association may require. Each officer so appointed shall have the title, hold office for the period, have the authority to perform the duties specified in these Bylaws or determined from time to time by the Board.

Section 10.4 Removal and Resignation. Any officer may be removed, either with or without cause, by the Board and also, if the officer was not chosen by the Board, by any officer on whom the Board may confer that power of removal. Any officer may resign at any time by giving written notice to the Association. Any such resignation shall take effect as of the date of the receipt of such notice or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 10.5 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to such office; provided, however, that vacancies need not be filled on an annual basis.

Section 10.6 Duties of the Officers. The duties of the officers shall be as follows:

10.6.1 President. The president shall be the general manager and chief executive officer of the Association, and, subject to the control of the Board, shall have general supervision, direction and control of the business, activities, affairs and officers of the Association. The president shall preside at all meetings of the Members and at all meetings of the Board. The president shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

10.6.2 Vice Presidents. In the absence or disability of the president, the vice presidents, if any, in order of their rank as fixed by the Board or, if not ranked, a vice president designated by the Board, shall perform all the duties of the president. When so acting a vice president shall have all powers of and be subject to all the restrictions on the president. The vice president shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or these Bylaws.

10.6.3 Secretary. The secretary shall keep, or cause to be kept,, at the Association's principal office or such other place as the Board may direct, the following:

(a) A book of minutes of all meetings, proceedings and actions of the Board, of committees of the Board and of Members. The minutes of meetings shall include the time and place of holding, whether annual, regular or special and if special, how authorized, the notice thereof given, the names of those present at Board and committee meetings, and the number of Members present or represented at Members' meetings and the proceedings thereof.

(b) A copy of the Articles and Bylaws of the Association as amended to date.

(c) A record of the Members, showing the names of all Members, their mailing addresses and phone numbers and the class of membership held by each.

Except as otherwise provided in these Bylaws, the secretary shall give, or cause to be given, the notices required by these Bylaws for meetings of Members, of the Board and of committees of the Board. The secretary shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

10.6.4 Chief Financial Officer. The chief financial officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the property and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital and surplus. The chief financial officer shall send or cause to be sent to the Members and directors such financial statements and reports as are required by law, the Declaration, these Bylaws or the Board. The books of account shall at all reasonable times be open to inspection by any director.

The chief financial officer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board, shall disburse the funds of the Association as may be ordered by the Board, shall render to the president and the Board, when requested, an account of all transactions made on behalf of the Association and of the financial conditions of the Association and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

Section 10.7 Point Signatures. Unless the Board authorizes more stringent requirements, any check or other negotiable instrument issued by the Association shall require the joint signatures of any two (2) of the following officers: the president, the chief financial officer and the secretary, provided that, under all circumstances, the withdrawal of any money from the Association reserve accounts shall require the signatures of at least two (2) people who shall either be (a) directors or (b) one director and one officer who is not a director. For all purposes herein, "reserve accounts" shall mean money that the Board has identified

from its annual budget for use to defray the future repair of, replacement of, or additions to those major components that the Association is obligated to maintain.

ARTICLE 11 INDEMNIFICATION AND INSURANCE

Section 11.1 Indemnification. Right and Power. The Association shall indemnify any agent of the Association who was a party to any proceeding by reason of the fact that the person is or was an agent of the Association against expenses actually and reasonably incurred in any proceeding to the extent that the agent was successful on the merits in defense of the proceeding or in defense of any claim, issue, or matter therein. Expenses shall include attorneys' fees and other expenses of establishing a right to indemnification.

The Association may indemnify any agent of the Association who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that such person is or was an agent of the Association against expenses actually and reasonably incurred in connection with such proceeding provided the approval requirements described in Section 11.2 hereof have been satisfied.

For purposes of this Article 11, the term "agent" means any present or former director, officer, employee or other agent of the Association, the term "proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, and the term "expenses" includes judgments, fines or settlements occurring in any proceeding other than a proceeding brought by or on behalf of the Association.

Section 11.2 Indemnification Approval. Unless indemnification is required as provided in Section 11.1 hereof, indemnification shall be made only if authorized in the specific case on a determination that indemnification is proper in the circumstances because the agent satisfied the appropriate standard of care described in the Section 11.3 hereof. The determination must be made by one of the following methods:

- (a) a majority Vote of a quorum of the Board consisting of directors who are not parties to the proceeding;
- (b) the affirmative vote of a majority of the voting power of the Members entitled to vote at a duly held meeting of the Members in which a quorum was present or the approval by written ballot under the procedures describe in Section 6.12 hereof; provided that if the agent to be indemnified is a Member, then that agent-Member shall not be entitled to vote;
- (c) the court in which such proceeding is of was pending on application made by the Association or the agent or the attorney or other person rendering services in connection with the defense, whether or not the application is opposed by the Association

Notwithstanding the foregoing, any indemnification in any proceeding brought by or on behalf of the Association shall be subject to the restrictions contained in *California Corporations Code Section 7237(c)*.

Section 11.3 Standard of Care. In any proceeding brought by or on behalf of the Association, the applicable standard of care shall require that the agent acted in good faith, in a manner the agent believed to be in the best interests of the Association and with the care (including reasonable inquiry) that an ordinarily prudent person in like position would use under similar circumstances. In all other proceedings, the agent must have acted in good faith, in a manner the agent believed to be in the best interests of the Association and in the case of a criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

Section 11.4 Advancement of Expenses. On approval of the Board, expenses incurred in defending any proceeding may be advanced by the Association prior to the final disposition of the proceeding provided that the Association receives an undertaking by or on behalf of the agent that the advances will be repaid unless it

is ultimately determined that the agent was entitled to indemnification as required or authorized by these Bylaws.

Section 11.5 Insurance. The Association shall have the power to purchase and maintain insurance on behalf of its agents against any liability asserted against or incurred by any agent in such capacity or arising out of the agent's status as such whether or not the Association would have the power to indemnify the agent against such liability under the provisions of this Article 11.

ARTICLE 12 OTHER PROVISIONS

Section 12.1 Amendments to Bylaws. Prior to conversion of the Class B membership to Class A membership, new Bylaws may be adopted or these Bylaws may be amended or repealed by the vote or written assent of the Members entitled to exercise a majority or more of the voting power of each class of Members of the Association. After conversion of the Class B membership to Class A membership in the Association, these Bylaws may be amended or repealed by the vote of (a) Members entitled to exercise a majority of the voting power of the Association, and (b) at least a majority of the voting power of Members of the Association other than Declarant. Anything herein stated to the contrary notwithstanding, no amendment to the Bylaws in the following areas shall be made without the prior written approval of Mortgagees holding at least seventy-five percent (75%) of the First Mortgages encumbering Project Units: termination of the Project, annexation of additional properties, dedication of Project Common Area, voting and voting rights, partition, condemnation, and insurance. Notwithstanding the foregoing, the percentage of a quorum of the Members or of the votes of Members other than Declarant necessary to amend a specific provision in these Bylaws shall not be less than the prescribed percentage of affirmative votes required for action to be taken under said provisions.

Section 12.2 Records; Inspection. The Association shall maintain the following records:

- (a) adequate and correct books and records of account;
- (b) written minutes of the proceedings of its Members, Board and committees of the Board; and
- (c) a record of its Members giving their names, mailing addresses, telephone numbers and class of membership held by each.

The Association shall keep at its principal office the original or a copy of the Declaration, the Articles and these Bylaws as amended to date, which shall be open to inspection by the Members and the directors at all reasonable time during office hours.

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CERTIFICATE OF THE

SECRETARY I, the undersigned, do hereby certify that

1. I am the duly elected and acting secretary of WESTPORT AT MANDALAY BAY OWNERS ASSOCIATION, a California nonprofit mutual benefit corporation; and

2. The foregoing Bylaws, comprising eighteen (18) pages, including this page (but not including any cover page or table of contents), constitute the Bylaws of said corporation duly adopted at the meeting of the Board of Directors thereof duly held on June 16, 2003, and since that date the same have not been amended or modified.

IN WITNESS WHEREOF, I have executed this Certificate as of June 16, 2003, at Woodland Hills, California.



Ky Spangler, Secretary