

(c) Payment of the cost of reproducing copies of documents requested by a Member.

6.3 Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies.

ARTICLE VII

Board of Directors

7.1 Number, Election, and Term of Office. The affairs of the Association shall be managed and administered by its Board of Directors. The Board of Directors shall consist of five (5) Members, who need not be Members of the Association. The individuals named to the Board in the Articles or their successors shall constitute the Board of Directors until the first annual meeting of Members of the Association, at which time the Members shall elect the new Board. At the first annual meeting, the Board shall divide its members into two groups. The first group shall consist of three (3) members and the second group shall consist of two (2) members. The first group shall serve for an initial term of three (3) years and the second group shall serve for a term of two (2) years. After expiration of the initial three (3) year term for the first group of Directors, the initial terms shall permanently convert to a two (2) year term. The Directors in each group shall hold office until the specified annual meeting and until their successors are elected. If an annual meeting is not held, or the Directors are not elected at the annual meeting, the Directors may be elected at any special meeting of Members held for that purpose.

7.2 Vacancies. A vacancy or vacancies shall be deemed to exist in case of the death, resignation or removal of any Director. If the Members shall increase the authorized Directors but shall fail to elect the additional Directors as provided for at the meeting at which such increase is authorized, or at an adjournment thereof, or in case the Members fail to at any time elect the full number of the authorized Directors, a vacancy or vacancies shall be deemed to exist.

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 resignation is effective at a future time, a successor may be elected before such time to take office when the resignation become effective.

Vacancies in the Board, except those existing as a result of a removal of a Director (but including resignations), may be filled by a majority vote of the remaining Directors, although

less than a quorum, or by a sole remaining Director, and each Director so elected shall hold office until his successor is elected at an annual meeting of Members, or at a special meeting called for that purpose. A vacancy which exists as a result of a removal of a Director may be filled by the Board with the vote or written assent of a majority of the voting power residing in Members other than Declarant.

The Board may declare vacant the office of a director who has been declared of unsound mind by a final order of court, or convicted of a felony.

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. No reduction of the number of Directors shall have the effect of removing any Director prior to the expiration of his term of office.

7.3 Removal of Directors. At any time after the first annual meeting of Members, at any regular or special meeting duly called, any Director may be removed, with or without cause, by vote of the Members and a successor may then and there or later be elected to fill the vacancy thus created; provided, however, that any such removal and the election of a successor shall be in compliance with the provisions of Section 4.11 hereof.

7.4 Organization Meeting. The first meeting of a newly elected Board shall be held within ten (10) days following the election, at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, provided a majority of the whole Board shall be present.

7.5 Regular Meetings. Regular meetings of the Board shall be held not less than quarterly at such hours and place as may be fixed from time to time by resolution of the Board. The meeting place shall be within the Property unless, in the judgment of the governing body, a larger meeting room is required other than that which is available within the Property. In such case, the meeting room selected shall be as close as possible to the Property. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday. Notice of regular meetings of the Board shall be given to each Director, personally or by mail, telephone or facsimile, at least four (4) days prior to the day named for such regular meeting. Notice of the time and place of such regular meeting shall also be posted at a prominent place or places within the Common Area of the Project and shall be communicated to Members not less than four (4) days prior to the meeting.

7.6 Special Meetings and Notices. Special meetings of the Board of Directors for any purpose may be called at any time by the Chairman or by the President, or if they are unable or refuse to act, by the Vice President or by any two (2) Directors.

(a) Written notice of the time and place of a special meeting and the nature of the business to be conducted shall 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. In case such notice is mailed or facsimiled, it shall be deposited in the United States mail or delivered to the facsimile company at or near the place in which the principal office of the Association is located at least three (3) days prior to the time of the meeting. In case such notice is delivered personally to any Director as above provided, it shall also be delivered at least three (3) days prior to the time of the meeting. Such mailing, facsimiling or delivery as provided herein shall be due, legal and personal notice to each such Director.

(b) Notice of the time and place of a special meeting and the nature of the business to be conducted shall also be posted in a prominent place or places within the Common Area of the Project or communicated in a manner prescribed for notice of regular meetings and shall be sent to all Members not less than 72 hours prior to the scheduled time of the meeting.

7.7 Waiver of Notice. Before or at any meeting of the Board, any Director or Member may, in writing, waive notice of such meeting or consent to the holding of the meeting, and such waiver or consent shall be deemed equivalent to the giving of notice of the meeting. All such waivers or consents shall be filed with the records of the Association or made a part of the minutes of the meeting. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

7.8 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.

7.9 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.

7.10 Quorum. A majority of the authorized number of Directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as provided above. Every act or decision done or made by a majority of the Directors present at a meeting at which a quorum is present shall be the act and/or decision of the Board, unless a greater number be required by law. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

7.11 Action Without Meeting. Any action by the Board may be taken without a meeting if all of the 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. If the Board resolves by unanimous written consent to take action, an explanation of the action taken shall be posted at a prominent place or places within the Common Area of the Project within three (3) days after the written consents of all Board members have been obtained.

7.12 Board Meetings Open to Members. All regular and special meetings of the Board shall be open to all Members of the Association, and any holders of mortgages encumbering any portion of the Property; provided, however, that Association Members and/or mortgagees who are not on the Board may not participate in any deliberation or decision unless expressly so authorized by the vote of the majority of a quorum of the Board.

7.13 Executive Sessions. 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, the formation of contracts with third parties and orders of business of a similar nature. The nature of any and all business to be considered in executive sessions shall first be announced in open session and shall generally be noted in the minutes of the Board.

Notwithstanding the foregoing, in any matter relating to discipline of an Association member, the Board shall meet in executive session if requested by that member, and the member shall be entitled to attend the executive session.

7.14 Fidelity Bonds. The Board may require that all officers and employees of the Association handling or responsible for Association or trust funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

7.15 Liability and Indemnity of the Board and Officers. The Members of the Board and the officers of the Association shall not be liable to the Members of the Association for any non-willful tort or mistake of judgment, negligent or otherwise, except for

their own individual willful misconduct or bad faith. Each Director and officer, to the fullest extent permitted by law, shall be indemnified by the Association and the Members as provided in Article XI of these Bylaws.

7.16 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.

7.17 Minutes of Meetings of the Board. 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 of the Association, other than an executive session, shall be available to members within thirty (30) days of the meeting. The minutes, proposed minutes or summary minutes shall be distributed to any member of the Association upon request and upon reimbursement of the Association's costs in making that distribution. Members of the Association shall be notified in writing at the time that the pro forma budget 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 meetings of the Board and how and where those minutes might be obtained.

7.18 Joint 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) officers of the Board, 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 Members of the Board or one (1) Member of the Board and one (1) Officer who is not a Member of the Board. For all purposes herein, "Reserve Accounts" shall mean money that the Association's 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.

7.19 Executive Committee. The Board of Directors shall have the power, but not the obligation, to appoint an Executive Committee composed of two (2) or more Directors, and to delegate to such committee any of the powers and authority of the Board in the management of the business and affairs of the Association, except the following:

- (a) The approval of any action for which the California Nonprofit Mutual Benefit Corporation Law also requires approval of the Members or approval of a majority of all Members;

- (b) The filling of vacancies on the Board;
- (c) The fixing of compensation of the Directors for serving on the Board or on any committee;
- (d) The amendment or repeal of Bylaws or the adoption of new Bylaws;
- (e) The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable;
- (f) The expenditure of corporate funds to support a nominee for Director after there are more people nominated for Director than can be elected.

The Executive Committee shall be entitled to appoint members of any other committee as permitted by the Board. The Board shall have the power to prescribe the manner in which proceedings of the Executive Committee shall be conducted. Minutes shall be kept of each meeting.

7.20 Nominations of Candidates for the Board. Nominations for election to the Board of Directors may be made from the floor at the annual meeting or by submitting written nominations to the managing agent for the Association within two (2) days prior to the annual meeting.

7.21 Powers and Duties of the Board.

(a) Powers. Subject to limitations of the Articles, of these Bylaws, of the Declaration, and of the California Nonprofit Mutual Benefit Corporation Law relating to action required to be approved by the Members or by a majority of Members, the activities and affairs of the Association shall be conducted and all of its powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the activities of the Association to any person or persons, a management company, or committees however composed, provided that the activities and affairs of the Association shall be managed and all of its powers shall be exercised under the ultimate direction of the Board. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws:

- (i) To exercise for the Association all powers, duties and authorities vested in or delegated to the Association and not reserved to the membership by other provisions of the Restrictions;
- (ii) To generally manage the affairs of the Association;

(iii) After notice and hearing in the manner provided in Article X below, to suspend the voting right of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association;

(iv) To employ and/or remove a manager, independent contractor, or such other employees as the Board shall deem necessary, and to prescribe their duties.

(b) Duties. It shall be the duty of the Board to:

(i) See that all duties and responsibilities of the Board as set forth in the Restrictions are properly and timely performed;

(ii) Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;

(iii) Keep or cause to be kept a complete record of all of its acts and doings and to present a statement of them to the Members at such times as it deems reasonably appropriate.

ARTICLE VIII

Officers

8.1 Enumeration of 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, one or more Assistant Secretaries, one or more Assistant Treasurers and such other officers as may be appointed in accordance with the provisions of this Article VIII. Officers other than the President need not be Directors. One person may hold two or more offices, except those of President and Secretary.

8.2 Election and Term of Office. The officers of the Association shall be elected annually by the Board of Directors at the regular annual organizational meeting of the Board of Directors. If election of the officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently possible. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his resignation, removal, or other disqualification from service, or until his successor shall have been elected.

8.3 Removal and Resignation. Any officer elected or appointed by the Board may be removed by the Board whenever in its judgment the best interests of the Association would be served