

BY-LAWS OF

BAYSHORES COMMUNITY ASSOCIATION

ARTICLE I

Definitions

The following terms used in these By-Laws are defined as follows:

1. "Association" shall mean and refer to BAYSHORES COMMUNITY ASSOCIATION, a non-profit corporation, incorporated under the laws of the State of California, its successors and assigns.
2. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Covered Property recorded in the office of the County Recorder, County of Orange, State of California.
3. "Community Services" shall include (i) any and all of the purposes now set forth in the Articles of Incorporation of the Association, or as the same may be amended hereafter, (ii) services required by the Declaration to be performed by the Association, and (iii) other services performed by the Association for the Owners of the Covered Property.
4. "Covered Property" shall mean and refer to all of the real property described under the definition of Covered Property in Article I, Section 2 of the Declaration.
5. "Common area" and "common facilities" shall mean all real property, if any, owned by the Association for the common use and enjoyment of the members of the Association.
6. "Lot" shall mean and refer to a recorded lot within any tract to the extent such lots are part of the Covered Property, including Point Lots 1 through 4 as described on page 3 of the Declaration, or any properties annexed pursuant to the Declaration; provided, however, (i) "Lot" shall not include any parcel which is Common Area and (ii) to the extent that the description of the initial Covered Property described on pages 1 through 3 of the Declaration (or the description of property which may be annexed and become part of the Covered Property contained in Exhibit "B" to the Declaration) excepts from the coverage thereof portions of parcels of real property identified as numbered lots in a recorded tract map, "Lot" shall mean and refer only to such portion of said numbered lots as are not so excepted.
7. "Member" and "Compulsory Member" shall have equivalent meanings and shall mean and refer to every person or entity who is required to be a Member in the Association pursuant to Section 1 of Article IV of the Declaration. "Member" shall also mean and refer to Declarant so long as Declarant is a Member pursuant to Section 1 of Article II of the Declaration. The Association must also accept as Members persons or entities who are the holders of leasehold interests to a Lot which leasehold is not subject to assessment pursuant to Section 1 of Article IV and such persons or entities shall be entitled to each and all of the rights of Members of the Association.
8. "Owner" shall mean and refer to one or more persons or entities who are (i) the record owner of a fee simple title to a Lot; or (ii) the record Lessee of a Lot under a lease with Declarant; provided, however, to the extent a Lot is leased under a lease with Declarant, Declarant shall be deemed the Owner until such lessee becomes subject to the covenant for maintenance assessments pursuant to Section 1 of Article IV of the Declaration and thereafter Declarant shall not be deemed an Owner by reason of its ownership of the fee underlying such leasehold estate.
9. "Declarant" shall mean and refer to The Irvine Company, a West Virginia corporation, its successors and assigns.
10. "Deed of trust" shall mean the conveyance of any Lot or other portion of the property to secure the performance of an obligation.
11. "Conveyance" shall mean and refer to conveyance of a fee simple title or leasehold title to any Lot.

ARTICLE II

Office

Principal Office: The principal office for the transaction of the business of the Association is hereby fixed and located in the County of Orange, State of California. The Board of Directors is hereby granted full power and authority to change said principal office from one location to another within said Orange County.

ARTICLE III

Membership

Section 1: Number of Members: There shall be only one membership for each Lot in the Covered Property. The memberships in the Association shall be of one class.

Section 2: Membership: Every Owner whose interest in a Lot is subject to assessment by the Association, as set forth in Section 1 of Article IV of the Declaration, shall be a Compulsory Member of the Association. The terms and provisions set forth in the Declaration, which are binding upon all Compulsory Members, are not exclusive, as such Compulsory Members shall, in addition, be subject to the terms and provisions of the Articles of Incorporation and these By-Laws. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership of Owners shall be appurtenant to and may not be separated from the fee ownership or lease of any Lot which is subject to assessment by the Association. Declarant shall hold one membership and shall be entitled to all the rights of and subject to all the obligations of a Member, for each Lot owned by it which is not subject to assessment, but such membership shall cease (i) as each such Lot becomes subject to assessment pursuant to Section 1 of Article IV of the Declaration, or (ii) as to all such Lots upon the effective date of the Covenant for Maintenance Assessments established in Section 8 of Article IV of said Declaration.

Section 3: Transfer: The membership held by any Owner shall not be transferred, pledged or alienated in any way, except upon the conveyance or encumbrance of such Lot or lease, and then only to the purchaser or deed of trust holder of such Lot or lease. Any attempt to make a prohibited transfer is void, and will not be reflected upon the books and records of the Association. In the event an Owner should fail or refuse to transfer the membership registered in his name to the purchaser of such Lot or lease, the Association shall have the right to record the transfer upon the books of the Association.

Section 4: Termination of Membership: Membership in the Association shall automatically terminate when (i) the leasehold interest of a Member is terminated pursuant to the lease covering his Lot, or when such leasehold interest is transferred as provided in Section 3 above, or (ii) if such Member is the fee owner of the Lot, when such Member sells and transfers the Lot.

Section 5: Voting Rights: The Association shall have only one class of membership. A Member shall be entitled to one vote for each Lot in which he holds the interest required for membership. When more than one person holds such interest or interests in any Lot, all such persons shall be entitled to the rights of a Member, and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any such Lot. Said voting rights shall be subject to the restrictions and limitations provided in the Declaration, the Article of the Association and these By-Laws.

Section 6: Membership Certificates: In its discretion, the Board of Directors of the Association may, but need not, issue appropriate membership certificates evidencing membership in the Association.

Section 7: Plural Memberships: A Member may own more than one membership in this Association by complying with the qualifications of membership as set forth in Section 2 of this Article.

Section 8: Dues and Assessments: The members of the Association shall be personally liable for the payment of such dues and assessments as may from time to time be fixed and levied by the Board of Directors. Such levies must be applied in a uniform manner among all members. If more than one person or entity holds the interest in a Lot required for membership, each of such persons or entities shall be jointly and severally liable for the payment of such dues and assessments as are levied with respect to such Lot.

Section 9: Delinquency: Any assessment provided for in this Declaration which is not paid when due shall be delinquent. If any such assessment is not paid within thirty (30) days after the delinquency date, a late charge of \$10.00 shall be levied and the assessment shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum. The Association may, at its option, bring an action at law against the Member personally obligated to pay the same, or upon compliance with the notice provisions set forth in Section 10 hereof, to foreclose the lien (provided for in Section 1 of Article IV of the Declaration) against the Lot. If action is commenced, there shall be added to the amount of such assessment the late charge, interest, the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include said late charge, interest, and a reasonable attorney's fee, together with the costs of action. Each Member vests in the Association or its assigns, the right and power to bring all actions at law or lien foreclosure against such Member or other Members for the collection of such delinquent assessments.

Section 10: Notice of Lien: No action shall be brought to foreclose said assessment lien or to proceed under the power of sale herein provided until thirty (30) days after the date a notice of claim of lien is deposited in the United States mail, certified or registered, postage prepaid, to the Owner of said Lot, and a copy thereof is recorded by the Association in the office of the County Recorder in which County the properties are located; said notice of claim of lien must recite a good and sufficient legal description of any such Lot, the record Owner or reputed Owner thereof, the amount claimed (which shall include interest on the unpaid assessment at the rate of ten percent (10%) per annum, a late charge of up to \$10.00, plus reasonable attorney's fees and expenses of collection in connection with the debt secured by said lien), and the name and address of the claimant.

Section 11: Foreclosure Sale: Said assessment lien may be enforced by sale by the Association, its attorney or any other person authorized to make the sale after failure of the Owner to make the payments specified in the notice of claim of lien within said thirty (30) day period. Any such sale provided for above is to be conducted in accordance with the provisions of Sections 2924, 2924b and 2924c of the Civil Code of the State of California, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted or provided by law. The Association, through its duly authorized agents, shall have the power to bid on the Lot, using Association funds, at the sale, and to acquire and hold, lease, mortgage and convey the same.

Section 12: Curing of Default: Upon the timely curing of any default for which a notice of claim of lien was filed by the Association, officers of the Association are hereby authorized to file or record, as the case may be, an appropriate release of such notice, upon payment by the defaulting Owner of a fee, to be determined by the Association, but not to exceed \$15.00, to cover the costs of preparing and filing or recording such release, together with the payment of such other costs, interest or fees as shall have been incurred.

Section 13: Cumulative Remedies: The assessment lien and the rights to foreclosure and sale thereunder shall be in addition to and not in substitution for all other rights and remedies which the Association and its assigns may have hereunder and by law, including a suit to recover a money judgment for unpaid assessments, as above provided.

Section 14: Subordination of Assessment Liens. If any Lot subject to a monetary lien created by any provision hereof shall be subject to the lien of a deed of trust: (1) the foreclosure of any lien created by anything set forth in this Declaration shall not operate to affect or impair the lien of such deed of trust; and (2) the foreclosure of the lien of deed of trust or the acceptance of a deed in lieu of foreclosure of the deed of trust shall not operate to affect or impair the lien hereof, except that the lien hereof for

said charges as shall have accrued up to the foreclosure or the acceptance of the deed in lieu of foreclosure shall be subordinate to the lien of the deed of trust, with the foreclosure-purchaser or deed-in-lieu grantee taking title free of the lien hereof for all said charges that have accrued up to the time of the foreclosure or deed given in lieu of foreclosure, but subject to the lien hereof for all said charges that shall accrue subsequent to the foreclosure or deed given in lieu of foreclosure.

ARTICLE IV

Meetings of Members

Section 1: Place of Meeting: All meetings of Members shall be held at the principal office of the Association, or at such other place in the County of Orange as may be fixed from time to time by resolution of the Board of Directors.

Section 2: Annual Meetings: The first annual meeting of the members shall be held in Orange County, within sixty (60) days after the Owners of fifty-one percent (51%) of the total Lots shall have become subject to Compulsory Membership in this Association, and each subsequent regular annual meeting of the Members shall be held on the same month of each year thereafter, at the hour of 8:00 o'clock p.m. in Orange County, provided, however, that the Board by resolution may fix a date and time for the meeting no more than thirty (30) days before or after said date. 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 for any purpose may be called at any time by the President, or by the Board of Directors, or by any two or more Members thereof, or by one or more Members holding not less than twenty percent (20%) of the voting rights of the Members of the Association.

Section 4: Notices of Meetings: Written notice of meetings, annual or special, shall be given to each Member entitled to vote, either personally or by sending a copy of the notice through the mail, postage prepaid, to his address appearing on the books of the Association, or supplied by him to the Association, for the purpose of notice. All such notices shall be sent to each Member entitled thereto not less than thirty (30) days nor more than sixty (60) days before each meeting, and shall specify the place, the day and the hour of such meeting, and in case of special meetings, the general nature of the business to be transacted.

When any meeting of Members, either annual or special, is adjourned for thirty (30) days or more, notice of the time and place of the adjourned meeting shall be given as in the case of an original meeting. Except as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting, other than by announcement thereof at the meeting at which such adjournment is taken.

Section 5: Consent of Absentees: The transaction of any 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, a majority of the Members entitled to vote at such meeting signs a written waiver of notice, 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 records of the Association or made a part of the minutes of the meeting.

Section 6: Quorum: The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, fifty percent (50%) of the voting power shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If any meeting 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 forty-eight (48) hours nor more than thirty (30) days from the time the original meeting was called. Except where a greater portion of the voting power is required by the Articles of Incorporation, the Declaration, or these By-laws, a majority of the voting power present, in person or by proxy, shall prevail at all meetings.

Section 7: Proxies: Every Member entitled to vote or execute consents shall have the right to do so either in person, or by an agent or agents authorized by a written proxy executed by such Member or his duly authorized agent and filed with the Secretary of the Association; provided that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution.

ARTICLE V

Directors

Section 1: Powers: Subject to limitations of the Articles of Incorporation, the Declaration, or these By-Laws, and of the California Corporations Code as to action to be authorized or approved by the Members, and subject to the duties of the directors as prescribed by these By-Laws, 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, the directors are vested with and shall have the following powers, to wit:

- (a) To select, appoint, and remove all officers, agents and employees of the Association, to prescribe such powers and duties for them as may be consistent with law, with the Articles of Incorporation, the Declaration and/or these By-Laws, to fix their compensation and to require from them security for faithful service when deemed advisable by the Board.
- (b) To conduct, manage and control the affairs and business of the Association, and to make and enforce such rules and regulations therefor consistent with law, and with the Articles of Incorporation, the Declaration and/or these By-Laws, as the Board may deem necessary or advisable.
- (c) To change the principal office for the transaction of business of the Association from one location to another within the County of Orange, as provided in Article II hereof; to designate any place within said County for the holding of any annual or special meeting or meetings of Members; to adopt and use a corporate seal, and to prescribe the form of certificate of membership, if any; and to authorize the issuance of memberships to such persons as shall be eligible for membership, as provided in Article III of these By-Laws.
- (d) To borrow money and to incur indebtedness for the purposes of the Association, and to cause to be executed and delivered therefor, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges or other evidences of debt and security therefor.
- (e) To fix and levy from time to time regular dues and assessments upon the Members of the Association; to fix and levy from time to time special assessments for capital improvements with the assent of a majority of the Members entitled to vote, to determine and fix the due date for the payment of such dues and assessments, and the date upon which the same shall become delinquent; provided, however, that such dues and assessments shall be fixed and levied only to provide for the payment of the expenses of the Association and of taxes and assessments upon real or personal property owned, leased, controlled or occupied by the Association, or for labor rendered or materials or supplies used and consumed, or equipment and appliances furnished for the maintenance, improvement or development of such property or for the payment of any and all obligations in relation thereto, or in performing or causing to be performed any of the purposes of the Association for the general benefit and welfare of its Members,

and the Board of Directors is hereby authorized to incur any and all such expenditures for any of the foregoing purposes and to provide adequate reserves for replacements as it shall deem to be necessary or advisable in the interest of the Association or welfare of its Members. The Board of Directors shall have the power to determine a reasonable method for assessing each Member for his prorata share of such assessments. Should any Member fail to pay such dues and assessments before delinquency, the Board of Directors in its discretion is authorized to enforce the payment of such delinquent dues and assessments as provided in Article III of these By-Laws.

- (f) To enforce the provisions of the Declaration, of these By-Laws or of other agreements and rules and regulations of the Association.
- (g) To contract for and pay fire, casualty, liability and other insurance insuring the unit owners, including bonding of the Members of any management body, if deemed advisable by the Board.
- (h) To contract for and pay maintenance, gardening, utilities, materials and supplies, and services relating to the Common Area and to employ personnel necessary for the operation of the project, including legal and accounting services. To contract for and pay for improvements and community facilities.
- (i) To delegate its powers according to law, and subject to the approval of the Members, to adopt these By-Laws.
- (j) To fix, determine and name from time to time, if necessary or advisable, the fund, foundation or corporation which is then or there organized or operated for charitable purposes to which the assets of this Association shall be distributed upon liquidation or dissolution according to the Articles of Incorporation of this corporation. The assets so distributed shall be those remaining after satisfaction of all just debts and obligations of the Association and after distribution of all property held or acquired by the Association under the terms of a specific trust or trusts.

Section 2: Number and Qualifications of Directors: The Board of Directors shall consist of the number of directors named in the Articles of Incorporation (5) until changed by amendment of the Articles, or by an amendment to this Section 2 of these By-Laws, fixing or changing such number, adopted by the vote or written assent of Members entitled to exercise a majority of the voting power; but in no event shall there be less than three (3) directors. A person may serve as a Director without being a Member of the Association.

Section 3: Election, Term of Office and Removal of Directors:

- (a) Election: The directors shall be elected at each annual meeting of Members, but if any such annual meeting is not held, or if 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.
- (b) Cumulative Voting: Each Member entitled to vote in the election for directors may cumulate his votes and give one candidate a number of votes equal to the number of directors to be elected, or distribute his votes on the same principal among as many candidates as he sees fit. The candidate receiving the highest number of votes, up to the number of directors to be elected, shall be deemed elected.

(c) Removal: The entire Board of Directors or any individual director may be removed by a vote of the majority of the Members entitled to vote at an election of directors. However, unless the entire Board is removed, an individual director shall not be removed unless the affirmative votes for his removal exceed or at least equal the minimum number of votes required to elect a director under cumulative voting procedures. If any director is removed in the manner authorized above, a new director may be elected at the same meeting.

Section 4: Vacancies: Vacancies on the Board of Directors may be filled by a majority of the remaining directors, though less than a quorum, 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 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 number of 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.

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 By-Laws is voted authorizing an increase in the number of directors.

If any director tenders his resignation to the Board of Directors, the Board shall have power to elect a successor to take office at such time as the resignation shall become effective. No reduction of the number of directors shall have the effect of removing any director prior to the expiration of his term of office.

Section 5. Place of Meetings: All meetings of the Board of Directors shall be held at the principal office of the Association, or at any other place or places within the County of Orange designated at any time by resolution of the Board or by written consent of all Members of the Board.

Section 6: Organization Meeting: Immediately following each annual meeting of the Members, the Board of Directors 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.

Section 7: Other Regular Meetings: Other regular meetings of the Board of Directors may be held without call at such place and day and hour as may be fixed from time to time by resolution of the Board of Directors; provided, should said day fall upon a legal holiday, then the meeting which otherwise would be held on said day shall be held at the same time on the next day thereafter ensuing which is not a legal holiday. Notice of all such regular meetings of the Board of Directors is hereby dispensed with.

Section 8: Special Meetings - 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 directors.

Written notice of the time and place of special meetings shall be delivered personally to the directors or sent to each director by letter or by telegram, postage or 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 telegraphed, it shall be deposited in the United States Mail or delivered to the telegraph company at or near the place in which the principal office of the Association is located at least forty-eight (48) hours prior to the time of the holding of the meeting. Such mailing, telegraphing or delivery as provided herein shall be due, legal and personal notice to each such director.

Section 9: 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 10: Waiver of Notice: The transaction of any business at any meeting of the Board of Directors, however called and noticed, or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting, each of the directors not present signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the records of the Association or made a part of the minutes of the meeting.

Section 11: Quorum: A majority of the number of directors as fixed by the Articles of Incorporation or these By-Laws shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision made or done 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 of Directors.

Section 12: 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 13: Consent of Board Obviating Necessity of Meeting: Notwithstanding anything to the contrary contained in these By-Laws, any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all members of the Board of Directors 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. Such action by written consent shall have the same force and effect as a unanimous vote of such directors.

Section 14: Fees and Compensations: No director or officer shall receive any salary for his services as such officer or director. Nothing herein contained shall be construed to preclude any director or officer from serving the Association as agent, counsel, or in any capacity other than as such director officer, and receiving compensation therefor.

Section 15: Presiding Officer: The members of the Board of Directors shall elect one of their number to act as Chairman and one of their number to act as Secretary. The Chairman shall preside at all meetings and the Secretary shall record the Minutes of all meetings of the Board of Directors and of the Members.

Section 16: Indemnification of Directors, Officers and Employees: Except to the extent prohibited by then applicable law, this corporation shall reimburse, indemnify and hold harmless each present and future director, officer and employee of this corporation and each person who, at the request of this corporation acts as a director, officer or employee of any other corporation in which this corporation has an interest, from and against all loss, cost, liability and expense which may be imposed upon or reasonably incurred by him, including reasonable settlement payments, in connection with any claim, action, suit or proceeding, or threat thereof, made or instituted, in which he may be involved or be made a party by reason of his being or having been a director, officer or employee of this corporation or such other corporation, or by reason of any action alleged to have been taken or omitted by him in such capacity, if a disinterested majority of the Board of Directors of this corporation (or, if a majority of the Board of Directors is not disinterested, then independent legal counsel) determines in good faith that such person was acting in good faith (a) within what he reasonably believed to be the scope of his authority or employment, and (b) for a purpose which he reasonably believed to be in the best interests of the corporation.

The right of indemnification provided in this section shall inure to each person referred to in this section, whether or not the claim asserted against him is based on matters which arose in whole or in part prior to the adoption of this section and in the event of his death shall extend to his legal representatives. The right of indemnification provided in this section shall not be exclusive of any other rights to which any such person, or any other individual, may be entitled as a matter of law (including, without limitation, his rights under Section 830 of the California Corporations Code), or under any agreement, vote of directors or stockholders or otherwise.

ARTICLE VI

Officers

Section 1: Officers: The officers shall be a President, Vice President, a Secretary and a Treasurer, which officers shall be elected by and hold office at the pleasure of the Board of Directors. Each of the officers may, but need not, be a member of the Board of Directors. Any two or more of such offices, except those of President and Secretary, may be held by the same person. The office of President, and all other offices, may be held by someone who is not a member of the Board of Directors.

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 until his successor shall be elected and qualified.

Section 3: Subordinate Officers: 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 these By-Laws 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 the vote of a majority of all the directors then in office at any regular or special meeting of the Board at which a quorum is present.

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. Subject to the provisions of Section 4 of this Article, any such resignation shall take effect as of the date of the receipt of such notice or at any later time specified herein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5: Vacancies: A vacancy of any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these By-Laws for regular appointments to such office.

Section 6: President: 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. The President may, but need not be, the Chairman of the Board of Directors. He shall be an ex-officio member of all standing committees, if any, and shall have the general powers and duties of management usually vested in the office of the President of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or these By-Laws.

Section 7: 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 office of 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 By-Laws.

Section 8: 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 Members, with the time and place of the holding of same, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present or represented at members' meetings and the proceedings thereof.

The Secretary shall keep, or cause to be kept, at the principal office, a membership register showing the following: (1) the names and addresses of all Members of the Board of Directors; (2) the names of the Members and their addresses; (3) the property to which each membership relates; (4) the number of memberships held by each Member; (5) the number of votes represented by each Member; (6) the number and date of membership certificates issued, if any; and (7) the number and date of cancellation of membership certificates, if any.

The Secretary shall give, or cause to be given, notice of all meetings of the Members and of the Board of Directors required by the By-Laws 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 by these By-Laws.

Section 9. Treasurer: The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association. The books of account shall at all reasonable times be open to inspection by any director or by any Member.

The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the Association with such depositories 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 conditions of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these By-Laws.

ARTICLE VII

Miscellaneous

Section 1: Record Date and Closing Membership Register: The Board of Directors may fix a time, in the future, not exceeding fifteen (15) days preceding the date of any annual or special meeting of the Members, as a record date for the determination of the Members entitled to notice of and to vote at any such meeting, and in such case only Members of record on the date so fixed shall be entitled to notice of and to vote at such meeting, notwithstanding any transfer of any membership on the books of the Association after any record date so fixed. For the purpose of determining such record date, the Board of Directors may close the books of the Association against transfer of membership during the whole, or any part, of any such period.

Section 2: Inspection of Corporate Records: The Membership register, the books of account, and minutes of meetings of the Members and directors' meetings shall be open to the inspection of the directors and Members at reasonable times from time to time and in the manner provided in the Corporations Code of the State of California relating thereto.

Section 3: 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 such officer or officers and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

Section 4: Contracts, etc., How Executed: The Board of Directors, except as in these By-Laws 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 tender it liable for any purpose or for any amount.

Section 5: 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 ninety (90) days subsequent to the close of the fiscal or calendar year of the Association.

Section 6: Inspection of By-Laws: The Association shall keep in its principal office for the transaction of business the original or a copy of the By-Laws as amended, certified by the Secretary, which shall be open to inspection by all of the Members at all reasonable times.

Section 7: Annual Independent Audit: An annual independent audit of the account or accounts of the Association or any management body shall be made, and a copy of such audit shall be available for the inspection of each Member, officer, or director of the Association within thirty (30) days of completion thereof.

Section 8: Singular Includes Plural: Wherever the context of these By-Laws requires same, the singular shall include the plural and the masculine shall include the feminine.

ARTICLE VIII

Amendments

Section 1: Powers of the Members: The By-Laws of this Association may be adopted, amended or repealed at a meeting duly called for said purpose by the vote of a majority of the voting power represented at said meeting, provided a quorum is present. Any such proposed amendment shall be submitted to each Member together with the advance notice of said meeting.

Section 2: Powers of Directors: Subject to the right of the Members to adopt, amend or repeal these By-Laws, as provided in Section 1 of this Article VIII, at any special or regular meeting of the Board of Directors, the Board of Directors may adopt, amend or repeal any of these By-Laws.

Section 3: Amendment of Certain By-Laws: Notwithstanding the powers conferred in Section 1 and 2 of this Article VIII, the following provisions of the By-Laws may be amended only upon the affirmative vote by the number of Members entitled to vote indicated:

- (a) By majority of the voting power of the Members:
 - (i) The provisions of Article V, Section 2, relating to the number of directors;
 - (ii) The provisions of Article VII, Sections 2 and 7 relating to Inspection of Corporate Records and Annual Independent Audit;
 - (iii) The provisions of Article IV, Sections 2, 3 and 4 relating to Annual Meeting, Special Meetings and Notices of Meetings;
- (b) By the same vote as is required for amendment of the Declaration:
 - (i) The definitions under Article I;
 - (ii) Any of the provisions of Article III which is entitled "Membership".

Section 4: Record of Amendments: Whenever an amendment or new By-Law is adopted it shall be placed in the book of By-Laws in the appropriate place. If any By-Law is repealed, the fact of repeal, with the date of the meeting at which the repeal was enacted or written assent was filed, shall be stated in said book.

Section 5: Conflicts: In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

- (1) That I am the duly elected and acting Secretary of BAYSHORES COMMUNITY ASSOCIATION, a California non-profit corporation; and
- (2) That the foregoing By-Laws, comprising 11 pages, constitute the original By-Laws of said corporation as duly adopted at the meeting of the Board of Directors thereof duly held on February 14, 1973.

IN WITNESS WHEREOF, I have subscribed my name and affixed the seal of said corporation this 14th day of February, 1973.

May Russell

May Russell
Secretary
Bayshores Community Association

(Seal)