

BYLAWS
OF
BEL AIR NEIGHBORHOOD ASSOCIATION

I N D E X

ARTICLE I	-	Definitions	1
ARTICLE II	-	Office	1
ARTICLE III	-	Members	1
ARTICLE IV	-	Meetings of Members	3
ARTICLE V	-	Directors	5
ARTICLE VI	-	Officers	9
ARTICLE VII	-	Miscellaneous	11
ARTICLE VIII	-	Amendments	12
Certificate of Secretary			14

BYLAWS
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ARTICLE I

DEFINITIONS

All terms as used in these Bylaws shall, unless stated otherwise, be defined as set forth in that certain Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Bel Air Neighborhood Association, recorded or to be recorded in the Official Records of Orange County (the "County"), California, and any amendments thereto (the "Declaration"). All of the terms and provisions of said Declaration and any amendments thereto are hereby incorporated herein by this reference.

ARTICLE II

OFFICE

Section 1 - Principal Office: The principal office for the transaction of the business of the Association is hereby fixed and located within the Property, or as close thereto as practicable in the County. The Board of Directors is hereby granted full power and authority to change said principal office from one location to another within the County.

ARTICLE III

MEMBERS

Section 1 - Membership: Every person or entity who is an Owner of a Lot shall be a Member of the Association as provided in the Declaration. Such ownership shall be the sole qualification for Membership. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from the ownership of any Lot which is subject to assessment by the Association. The provisions of these Bylaws, which are binding upon all Members, are not exclusive, as Members shall also be subject to the terms and provisions of the Articles and the Declaration.

Section 2 - Transfer: The Membership held by any Owner shall not be transferred, pledged, or alienated in any way, except upon the sale or encumbrance of such Lot and then only to the purchaser or deed of trust holder of such Lot. 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 the Owner of any Lot should fail or refuse to transfer the Membership registered in his name to the purchaser of the Lot, the Association shall have the right to record the transfer upon the books of the Association.

Section 3 - Termination of Membership: Membership in the Association shall automatically terminate when such Member sells and transfers his Lot.

Section 4 - Voting Classes: The Association shall have two (2) classes of voting memberships as set forth in the Declaration.

Section 5 - Membership Certificates: In its discretion, the Board may, but need not, issue appropriate membership certificates evidencing membership in the Association.

Section 6 - 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 1 of this Article.

Section 7 - Assessments: The Members of the Association shall be jointly, severally, and personally liable for the payment of such Assessments as may from time to time be fixed and levied by the Board pursuant to the provisions of the Declaration and these Bylaws.

Section 8 - Enforcement of Payment of Assessments: Should any Member fail to pay his Assessments before delinquency, the Association, in the discretion of the Board, shall have the right to enforce payment of such delinquent Assessments pursuant to the Declaration.

Section 9 - Association Rules; Enforcement: The following provisions shall govern the promulgation of the Association Rules authorized by the Declaration which shall include the establishment of a system of monetary fines and penalties:

(a) Subject to the requirements of Sections 9(b) and (c) below, the Board in its exercise of reasonable discretion shall create and adopt such Association Rules as are consistent with and in furtherance of existing law, the Declaration, the Articles and Bylaws.

(b) The Board in its discretion may recommend to the Association a list of specific monetary fines and penalties for the violation by any Member, or any guest or invitee of a Member, of the provisions of the Declaration, the Articles, these Bylaws and the Association Rules. Upon the vote or written consent of the majority of the voting power of the Association, such monetary fines and penalties shall be binding on all Members and shall be enforceable by the Board as a Special Assessment. Upon adoption by the Association of any such monetary fines and penalties, the Board shall prepare and distribute to each Member, by personal delivery or first-class mail, a schedule of the monetary fines and penalties that may be assessed for such violations. The Board shall not be required to distribute any additional schedules of monetary fines and penalties unless there are changes from the schedule that was adopted and distributed to the Members pursuant hereto. Assessment of monetary fines and penalties shall not be deemed to be the exclusive remedy with respect to any such violations and the Board shall have such other remedies as are provided for by applicable law, the Declaration, the Articles, the Bylaws and/or the Association Rules.

(c) Any Association Rules promulgated pursuant to this Section shall provide that no monetary fine or penalty shall be levied, or suspension of the rights of a Member be imposed, without the following procedural safeguards:

(i) A written statement of the alleged violations shall be provided to any Member against whom such charges are made, and such written statement shall provide a date on which the charges shall be heard;

(ii) No proceedings under this Section shall be brought against any Member unless such Member shall have received a written statement of charges at least thirty (30) days prior to that hearing;

(iii) No proceeding under this Section shall be brought against any Member more than sixty (60) days after such Member is provided a written statement of charges;

(iv) The Board shall appoint a panel of three (3) capable persons (one of whom shall be designated a chairman) who may or may not be Members, and who shall hear the charges and evaluate the evidence of the alleged violation;

(v) At such hearing, the Member so charged shall have the right to present oral and written evidence and to confront and cross-examine adverse witnesses;

(vi) The panel shall deliver to the Member so charged within seven (7) days after the hearing a written decision which specifies the monetary fines or penalties levied, or suspension of the rights of the Member, if any, and the reasons therefor.

(d) In the event that a Member shall correct an alleged violation prior to the hearing date, the Board shall discontinue the proceedings.

ARTICLE IV

MEETINGS OF MEMBERS

Section 1 - Place of Meeting: All meetings of Members shall be held within the Property or as close thereto as practicable, as may be fixed from time to time by resolution duly adopted by the Board.

Section 2 - First Annual Meeting and Subsequent Annual Meetings: The first annual meeting of the Members shall be held within forty-five (45) days after fifty-one percent (51%) of the Lots have been sold, but in no event shall such meeting be held later than six (6) months after conveyance of the first Lot. All directors shall be elected at the first annual meeting in accordance with Section 3 of Article V hereof. Each subsequent regular annual meeting of the Members shall be held on the same day of each year thereafter, at the hour set by the Board, provided, however, that the Board by resolution may fix a date 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. Regular meetings of Members shall be held not less frequently than once each calendar year, shall be at the time and place set forth in Sections 1 and 2 of this Article and shall be conducted in accordance with such parliamentary procedures as may be adopted by the Board.

Section 3 - Special Meetings: Special meetings of the Members for any purpose may be called by the Board at any time upon the vote therefore by the Board or upon the written request of not less than five percent (5%) of the total voting power of the Association.

Section 4 - Notices of Meetings: Written notices of meetings, annual or special, shall be posted in a prominent place within the Property and shall be given by the Board 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 such notice. All such notices shall be sent to each Member entitled thereto not less than ten (10) days nor more than ninety (90) days before such meetings, and shall specify the place, the day and the hour of such meetings, and in case of special meetings, the general nature of the business to be transacted.

When any meeting of the 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. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to the Members in the manner prescribed above.

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 undertaken at 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 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 Member or proxies equal to one-third (1/3rd) of the voting power shall constitute a quorum for any action except as otherwise provided in the Articles, the Declaration or these Bylaws. 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 five (5) days nor more than thirty (30) days from the time the original meeting was called. The presence upon reconvening the adjourned meeting of Members or proxies representing at least twenty-five percent (25%) of the voting power of the Association shall constitute a quorum for purposes of such meeting. Except where a greater portion of the voting power is required by the

Articles, the Declaration or these Bylaws, a majority of the voting power present, in person or by proxy, shall prevail at all meetings.

Section 7 - Proxies and Written Ballots: Every Member entitled to vote or execute consents shall have the right to do so either in person, or by 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. Any form of proxy or written ballot distributed by any person to the Members shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon, except it shall not be mandatory that a candidate for election to the Board be named in the proxy or written ballot. The proxy or written ballot shall provide that, where the Member specifies a choice, the vote shall be cast in accordance with that choice. Any proxy shall also identify the person or persons authorized to exercise the proxy and the length of time it will be valid; provided, however, that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution.

Section 8 - Action Without Meeting: Any action which, under any provision of the Articles, these Bylaws or the Nonprofit Mutual Benefit Corporation Law of the State of California, may be taken at a meeting of Members, may be taken without a meeting, if done in compliance with the provisions of Section 7513 of the Corporations Code.

Section 9 - Order of Business: The order of business at all meetings of the Members shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) appointment of members of the election committee (at annual meetings or special meetings held for such purpose); (g) election of Directors (at annual meetings or special meetings held for such purpose); (h) unfinished business; and (i) new business.

ARTICLE V

DIRECTORS

Section 1 - Powers: In addition to the powers and duties of the board as set forth in the Declaration and the Articles, and subject to the limitations of the Articles, the Declaration, or these Bylaws, and of the 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 Bylaws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Association shall be controlled by, the Board. Without prejudice to such general powers but subject to the same limitations, the Board is 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, the Declaration and/or these Bylaws, 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 enforce such rules and regulations therefore consistent with law, with the Articles, the Declaration and/or these Bylaws, as the Board may deem necessary or advisable.

(c) To fix, determine and name from time to time, if necessary or advisable, the nonprofit corporation, city or public agency which is then or there organized or operated for purposes similar to the purposes of this Association to which the assets of this Association shall be distributed upon liquidation or dissolution according to the Articles. 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 any applicable specific trust or trusts.

(d) To adopt and use a corporate seal.

Section 2 - Number and Qualification of Directors: The Board shall consist of five (5) directors until changed by amendment of the Articles, or by an amendment to this Section of these Bylaws, fixing or changing such number, 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 and Term of Office: Until (i) the holding of the first meeting of the Members referred to in Article IV of these Bylaws entitled "Meeting of Members" or (ii) the earlier resignation from the board, the Board shall consist of those directors named in the Articles or appointed by the Declarant. All directors shall be elected by secret written ballot 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.

Section 4 - Cumulative Voting; Secret Ballot: No member shall be entitled to cumulate votes for a candidate or candidates unless such candidate's name or 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 one Member has given such notice, all Members may cumulate their votes for candidates in nomination. If votes are to be cumulated as herein provided, each member entitled to vote shall have the right to so cumulate his 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 think fit. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected. The election of directors shall be conducted by secret written ballot.

Section 5 - Special Class A Voting Rights. From the first election of the directors and thereafter for so long as a majority of the voting power of the Association resides in the Declarant, or for so long as there are two outstanding classes of membership in the Association, not less than the greater of one (1) or twenty percent (20%) of the members of the Board shall be elected solely by the votes of the Class A Members other than the

Declarant. Notwithstanding the provisions of the Section of this Article entitled, "Removal of Directors", any director so elected may not be removed without the vote of a majority of the voting power of the Class A Members other than the Declarant.

Section 6 - Election Committee. An Election Committee shall be appointed annually by the Board to make rules for and supervise nominations, voting procedures voting requirements and the orderly and fair election of directors. The Election Committee shall consist of a Chairman, who shall be a member of the Board, and two (2) or more persons who shall be Members; provided, however, so long as any Class B Membership are outstanding, the Board may appoint persons who are not Members to the Election Committee. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Nominations to serve on the Board may also be made from the floor at any meeting of the Members at which directors are elected.

Section 7 - Removal of Directors: At any special meeting of the Members of which notice has been properly given as provided in these Bylaws, the entire Board or any individual director may be removed from office as hereinafter set forth, provided that the same notice of said special meeting has also been given to said entire Board or any individual director whose removal is to be considered at said special meeting. The entire Board or any individual director may be removed from office by a majority of the affirmative votes cast in the voting on any motion or resolution for removal. However, unless the entire Board is removed, an individual director shall not be removed if the number of votes cast against the motion or resolution for his removal would be sufficient to elect the individual director if voted cumulatively at an election at which the same total number of votes were cast and all directors were then being elected. Upon any such motion or resolution for removal, every Member may cumulate his vote or votes, as the case may be, in the same manner as provided for the election of directors in these Bylaws. In the event that any or all directors are so removed, new directors may be elected at the same meeting.

Section 8 - Vacancies: A vacancy or vacancies shall be deemed to exist in case of the death, resignation or removal of any directors. 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.

Vacancies on the Board other than vacancies created by the removal of a director may be filled by a vote of 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. The Members (i) shall elect directors to fill any vacancy created by the removal of a director and (ii) may at any time elect directors to fill any other vacancy not filled by the directors or elect the additional directors at the meeting at which an amendment of the Bylaws is voted authorizing an increase in the number of directors.

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

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 9 - Place of Meeting: All meetings of the Board shall be held at the principal office of the Association, or any other place or places within the City designated at any time by resolution of the Board or by written consent of all Members of the Board.

Section 10 - Organization Meeting: 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.

Section 11 - Regular and Special Meetings: Regular and special meetings of the Board shall be governed by Section 7211 of the Corporations Code and Section 1363.05 of the Civil Code.

Section 12 - Consent of Board Obviating Necessity of Meeting: Notwithstanding anything to the contrary contained in these Bylaws, any action required or permitted to be taken by the Board 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 be posted in a prominent place or places within the Common Area not later than three (3) days after obtaining all necessary signatures. Such action by written consent shall have the same force and effect as a unanimous vote of such directors. If the 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 by any means it deems appropriate.

Section 13 - Fees and Compensations: No director or officer shall receive any fees or compensation for his services performed as such in the conduct of the Association's business.

Section 14 - Presiding Officer: The members of the Board shall elect one (1) of their number to act as Chairman and one (1) of their members to act as Secretary. The Chairman shall preside at all meetings and the Secretary shall record the Minutes of all meetings of the Board and of the Members.

Section 15 - 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 of 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 this corporation (or, if a majority of the Board 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. Such determination shall be made within thirty (30) days after the date on which a written claim is submitted by such director, officer, or employee to the Board for any such loss, cost, liability or expense.

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 which any such person, or any other individual, may be entitled as a matter of law or under any agreement, vote of directors or Members or otherwise.

ARTICLE VI

OFFICERS

Section 1 - Officers: The officers shall be (i) a President, (ii) a Secretary, (iii) a Chief Financial Officer and (iv) such other officers [including one (1) or more Vice Presidents, Assistant Secretaries and/or Assistant Chief Financial Officers as the Board may, in its discretion, appoint from time-to-time], which officers shall be elected by and hold office as determined by the Board. Each of the officers may, but need not, be a member of the Board of Directors. Any two (2) or more of such offices may be held by the same person. All offices may be held by someone who is not a Member of the Association.

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 and each shall hold his office until he shall resign or shall be removed or otherwise be disqualified to serve, or until his successor shall be elected and qualified.

Section 3 - Subordinate Officers: The Board may appoint a Vice President and/or 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 Bylaws or as the Board 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 of 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 notice to the Board or to the President or to the Secretary of 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 herein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5 - Vacancies: A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws 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, 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. 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 other powers and duties as may be prescribed by the Board or these Bylaws. The President shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes of the Association.

Section 7 - Vice President: In the absence or disability of the President, the Vice President, if appointed, 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 or the Bylaws.

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 may order, of all meetings of directors and Members, with the time and place of the holding of the same, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present or represented at Member's 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, (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 required by the Bylaws or by law to be given, and 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 or by these Bylaws.

Section 9 - Chief Financial Officer: The Chief Financial Officer 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 Chief Financial Officer shall deposit or cause to be deposited all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. He shall disburse the funds of the Association as may be ordered by the Board, shall render to the President and directors, whenever they request it, an account of all of his transactions as Chief Financial Officer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws. The Chief Financial Officer shall sign all checks and promissory notes of the Association.

ARTICLE VII

MISCELLANEOUS

Section 1 - Record Date and Closing Membership Register: The Board 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 determination of the Members 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 may close the books of the Association against any transfer of membership during the whole or any part of any such period.

Section 2 - Inspection of Association Records: The Membership register, including mailing addresses and telephone numbers, the books of account and minutes of meetings of the Members, Board and Committees shall be available for inspection and copying by any Member, or his duly-appointed representative, at reasonable times from time-to-time and for a purpose reasonably related to his interest as a Member, at the office of the Association or at such other place with the Property as the Board shall prescribe. In the case of 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 Members within thirty (30) days of the meeting and shall be distributed to only Members upon request and payment of the fee, if any, prescribed by rule as set forth below. At the time the pro forma operating budget is distributed as required by Section 5 below, or at the time of any general mailing, Members shall be notified in writing of their right to have copies of the minutes of meetings of the Boards and as to how and where those minutes may be obtained and the cost of obtaining such copies.

The Board shall establish reasonable rules with respect to the place of inspection, notice to be given to the custodian of such records by the Member desiring to so inspect, the time when such inspection can be made and the payment of reproduction costs of documents so requested by the Member. Every director shall have the absolute right at any reasonable time to inspect such records and properties owned or controlled by the Association. Such right includes the right to make extracts and copies of documents.

Section 3 - Checks and Drafts: All checks, drafts or other orders for payment of money drawn on the Association's operating accounts, notes or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by the President and Chief Financial Officer or in such a manner as, from time to time, shall be determined by resolution of the Board. The signatures of at least two (2) directors, or the signatures of an officer who is not a director and at least one (1) director, shall be required for the withdrawal of moneys from the Association's "reserve accounts" (as that term is used in Section 1365.5 of the Civil Code).

Section 4 - Contracts, How Executed: The Board, except as in these Bylaws is 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, 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 render it liable for any purpose or for any amount.

Section 5 - Statements and Reports: The Board shall cause to be prepared and distributed such statements, reports and other documents or information as required by applicable law, including Sections 8321 and 8322 of the Corporations Code and Section 1365 of the Civil Code.

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

Section 7 - Singular Includes Plural: Whenever the context of these Bylaws requires same, the singular shall include the plural and the masculine shall include the feminine.

Section 8 - Definitions/Conflicts: Unless otherwise defined herein, each capitalized term used herein shall have the meaning ascribed in the Declaration to such term. In the case of any conflict between the Articles and these Bylaws, the Articles shall control; in the case of conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE VIII

AMENDMENTS

Section 1 - Powers of Members: The Bylaws of this Association may be adopted, amended, or repealed by (i) the vote or written assent of the Members entitled to exercise a majority of the voting power, or (ii) the vote of a majority of a quorum at a meeting of Members duly called for such purpose; provided, that the proposed amendment has been submitted to each Member together with the advance notice of said meeting. Notwithstanding the above, as long as there is a Class B Membership, the Bylaws may be amended or repealed only by the vote or written assent of Members entitled to exercise a

majority of the voting power of each class of membership and after the conversion of the Class B Membership to Class A Membership as is provided for in the Declaration, these Bylaws may be amended or repealed only by the vote or written assent of the Class A Members entitled to exercise a majority of the voting power of such Class exclusive of the votes represented by the Class A Memberships which prior to such conversion were Class B Memberships.

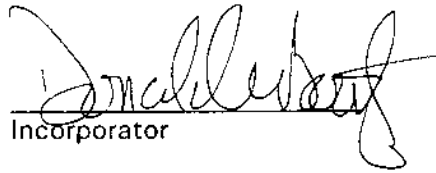
Section 2 - Record of Amendments: Whenever an amendment of a new Bylaw is adopted it shall be placed in the book of Bylaws in the appropriate place. If any Bylaw is repealed, the fact of repeal, with the date of the meeting at which the repeal was enacted or written assent was filed, shall be stated in said book.

CERTIFICATE OF SOLE INCORPORATOR

I, the undersigned, do hereby certify that:

- (1) I am the Sole Incorporator of the Association; and
- (2) That the foregoing Bylaws constitute the original Bylaws of the Association as duly adopted by the undersigned as the Sole Incorporator of the Association.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the Association as of the 23rd day of June, 2004.


Incorporator

[SEAL]