

**FIRST RESTATED BYLAWS
OF
COUNTRY VIEW HOME OWNERS ASSOCIATION,
SAN RAMON, CALIFORNIA, INC.**

**ARTICLE I
NAME AND DEFINITIONS**

1.1 NAME OF ASSOCIATION. The name of this corporation is Country View Home Owners Association, San Ramon, California, Inc. The principal office of the Association will be located at such place within Contra Costa County as the Board may from time to time designate by resolution. The Association has been formed pursuant to the California Nonprofit Mutual Benefit Corporation Law as a nonprofit mutual benefit corporation.

1.2 PURPOSE. The specific and primary purpose of the Association is to own, repair, maintain, and manage the Association's Common Area and Common Facilities, to enforce the Association's Governing Documents, and to enhance and promote the Owners use and enjoyment of the Association's Properties.

1.3 DEFINITIONS. Unless these Bylaws are amended to provide otherwise, the definitions, which appear in the Article I the First Restated Declaration of Covenants, Conditions and Restrictions for Country View Home Owners Association, San Ramon, California, Inc., and its amendments, shall apply to those same terms as they appear in these Bylaws unless the context clearly indicates otherwise.

**ARTICLE II
OWNERS' MEETINGS**

2.1 PLACE AND CONDUCT OF OWNER'S MEETINGS. Meetings of the Owners shall be held within Contra Costa or Alameda County or such other reasonable place and at such time as may be designated by the Board in the notice of the meeting. The meetings shall be conducted in accordance with a recognized system of parliamentary procedure as determined by a Board resolution.

2.2 ANNUAL MEETING. There shall be an annual meeting of the Owners in the first quarter of each year. The date, time, and location of the meeting shall be established by the Board and set forth in the notice of meeting.

2.3 SPECIAL MEETINGS. Special meetings of the Owners may be called at any time for the purpose of considering matters which, by the terms of the Governing Documents, require the approval of all or some of the Owners, or for any other reasonable purpose. Special meetings may be called by the Board or by written request of Owners of at least 9 Lots. A special meeting called by any Person (other than the Board) entitled to call a meeting shall be made by submitting a written request specifying the general nature of the business to be transacted to the President or Secretary of the Association. The officer receiving the notice shall forthwith cause notice to be given to the Owners in the manner prescribed by §2.4 that a meeting will be held at a date and time fixed by the Board which shall be not less than 35 nor more than 90 days after receipt of the request. If the notice of meeting is not given within 20 days after receipt of the request, the Person requesting the meeting may give the notice.

2.4 NOTICE OF OWNERS' MEETINGS. Notice of all Owners' meetings, annual or special, shall be given to each Owner not less than 10 nor more than 90 days before the date of the meeting. The notice shall be given personally, or by first class mail, addressed to the Owner at the Owner's Lot, or a different address if given to the Association in writing by the Owner for the purpose of notice. If any notice mailed to the above described address is returned by the United States Postal Services, marked to indicate that it was unable to deliver it, all future notices may be given at the Association's principal office. An affidavit of mailing may be executed by the Secretary or agent and filed and maintained in the minute book of the Association and shall serve as evidence that proper Notice of an Owners meeting was given.

2.4.1 Minimum Requirements Regarding Notice. The notice shall state the place, date, and time of the meeting. If Directors are to be elected, the notice shall include the names of all candidates at the time notice is given. In the case of a special meeting, the notice shall state the general nature of the business to be transacted; no other business may be transacted. In the case of the annual meeting, the notice shall state those

matters that the Board intends, at the time the notice is given, to present to the Owners for action, but any proper matter may be

presented at the meeting for action subject to the special notice requirements described in subsection 2.4.2 below.

2.4.2 Special Notice Requirements. Approval by the Owners of any of the following proposals, other than by unanimous approval of those Owners entitled to vote, shall not be valid unless the general nature of the proposal was stated in the notice or in any written waiver of the notice: (a) removing a Director without cause; (b) filling a vacancy on the Board created by the removal of a Director; (c) amending the Articles of Incorporation, Bylaws or CC&Rs; (d) approving a Special Assessment or Regular Assessment increase which requires Owner approval; (e) approving a contract or transaction between the Association and one or more Directors, or between the Association and any entity in which a Director has a material financial interest; or (f) electing to voluntarily terminate and to dissolve the Association.

2.5 QUORUM REQUIREMENTS. A quorum must be established for valid action by Owners at any Owners' meeting or by written ballot. For the purpose of establishing a quorum, the Owners are "present" if they appear in person or by proxy at a meeting, or cast a written ballot during the balloting period when ownership approval is sought via the written ballot process. If a quorum is never established, a majority of those Owners present may vote to adjourn the meeting for lack of a quorum, but no other action may be taken or business transacted.

2.5.1 Standard Quorum. The presence of Owners in Good Standing of 25% of the Lots (45 Lots unless changed by annexation, condemnation, or otherwise amended) is the quorum requirement for matters which do not require an Owner's approval as set forth in §4.10 of the Declaration. However, if Owners in Good Standing of less than one third of the Lots (59 Lots unless changed by annexation, condemnation, or otherwise amended) are present at any Owners' meeting, the only matters upon which action may be taken are those matters the general nature of which were described in the notice of the meeting.

2.5.2 Assessment Increase Quorum. The presence of Owners in Good Standing of 51% of the Lots (89 Lots unless changed by annexation, condemnation, or otherwise amended) is the quorum requirement for the Owner's approval of an assessment increase as set forth in §4.10 of the Declaration.

2.5.3 Withdrawal of Owners below Quorum. The Owners present at a duly called or duly held meeting at which a quorum is established may continue to transact business until adjournment, notwithstanding the withdrawal of enough Owners to leave less than a quorum. However, any action taken (other than adjournment) must have the affirmative vote equal to at least a majority of a quorum.

2.6 RECONVENED MEETING. Any Owners' meeting, whether or not a quorum is present, may be adjourned from time to time for any reason by a vote of a majority of the Owners present to be reconvened at another time not more than 45 days from the date of the original meeting. If the time and place of the reconvened meeting is announced prior to the adjournment of the original meeting, no notice of the reconvened meeting is required, provided that if a new date is fixed for the reconvened meeting after the adjournment of the original meeting, notice of the date, time and place of the reconvened meeting shall be given to Owners in the manner prescribed in §2.4. Any business that might have been transacted at the original meeting may be transacted at the reconvened meeting.

2.7 WAIVER OF NOTICE OR CONSENT BY ABSENT OWNERS. If an action is taken by Owners at an improperly noticed meeting, the action will be valid only if, either before or after the meeting, each Owner entitled to vote who was not present at the meeting consents to the meeting by signing (a) a written waiver of notice, (b) a consent to holding the meeting, or (c) an approval of the minutes. The waiver of notice or consent need not specify the purpose or general nature of business to be transacted at such meeting unless action was taken or is proposed to be taken at the meeting with respect to any matters specified in §3.3, in which case, the waiver of notice or consent must state the general nature of such matter(s). All such waivers, consents, or approvals shall be filed with the Association records or be made part of the minutes of the meeting.

An Owner's presence at an improperly noticed meeting shall also constitute a waiver of any objections such Person may have with respect to notice of that meeting, except when the Owner or proxy holder attends the meeting for the sole purpose of objecting at the beginning of the meeting to the transaction of any business because of the inadequacy or illegality of the notice. Attendance

at a meeting is not a waiver of any right to object to the consideration of matters not included in the notice of the meeting that are required to be described therein pursuant to §3.3, if that objection is expressly made at the meeting.

2.8 RECORD DATES FOR NOTICE, VOTING AND CONSENTS. For the purpose of determining which Owners are entitled to receive notice of any meeting, to vote or to act by written ballot without a meeting, or exercise any rights in respect to any other lawful action, the Board of Directors may fix, in advance, a "record date" and only Owners in good standing on the Corporation's records, at the close of business on the date so fixed, are entitled to notice, to vote, or to take action by written ballot notwithstanding any transfer of the ownership of a Lot on the books of the Association after the record date, except as otherwise provided in the Articles of Incorporation, by agreement, or in the California Nonprofit Mutual Benefit Corporation Law. If the Board, for any reason, fails to establish a record date, the record date shall be determined pursuant to Corporations Code §7611. The range of record dates to be established by the Board pursuant to this section shall be as follows:

(a) Record Date for Notice of Meetings. In the case of determining those Owners entitled to notice of a meeting, the record date shall be no more than 90 nor less than 10 days before the date of the meeting;

(b) Record Date for Voting. In the case of determining those Owners entitled to vote at a meeting, the record date shall be no more than 60 days before the date of the meeting;

(c) Record Date for Action by Written Ballot. In the case of determining Owners entitled to cast written ballots, the record date shall be no more than 60 days before the day on which the first written ballot is mailed or solicited; and

(d) Record Date for Other Lawful Action. In the case of determining Owners entitled to exercise any rights in respect to other lawful action, the record date shall be no more than 60 days prior to the date of such other action.

ARTICLE III
OWNERSHIP VOTING

3.1 VOTING AT OWNERS' MEETINGS. Voting at any Owners' meeting may be by voice or by ballot, provided that the voting in any election of Directors shall be on a ballot which will be handed to Owners or their proxy holders when they arrive at the Owners' meeting. A designated and authorized officer, employee or agent of a corporate or trust Owner may cast that Owner's vote. A designated and authorized general partner or agent of a partnership Owner may cast the vote of that Owner.

The vote on any other issue at an Owners' meeting shall be conducted by ballot only when determined by the President or when requested by the Owners or proxy holders of 18 Lots present at the meeting.

3.2 VOTING TO ELECT DIRECTORS. The Owners of a Lot have one vote to cast for each vacant position on the Board which will be filled by a vote of the Owners.

3.3 PROXIES. Any Owner may attend an Owners' meeting and vote in person, or by a proxy holder. The proxy holder must be appointed by a written proxy bearing the original signature of the Owner, and filed with the Secretary or agent of the Association no later than the beginning of the Owners' meeting. The proxy shall identify the proxy holder(s) and the length of time it will be valid. A proxy without an expiration date shall not be valid after 11 months from the date of execution. In no event shall any proxy be valid after 3 years from the date of execution. The proxy shall provide the Owner the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be presented to the Owners for action. The proxy shall provide, subject to reasonable specified conditions, that when the Owner specifies a choice the vote shall be cast in accordance with that choice. No proxy shall be valid with respect to a vote on the following proposals to be approved by the Owners unless the general nature of the matter to be voted on was set forth in the proxy:

- (a) Removing a Director without cause;
- (b) Filling vacancies on the Board created by removal by

vote of the Owners;

(c) Amending the Articles, the Bylaws or the CC&Rs;

(d) The sale, lease, conveyance, exchange, transfer, or other disposal of all or substantially all of the Association's assets, or the approval of the principal terms of a merger or the amendment to the principal terms of a merger;

(e) Approving a contract or transaction between the Association and one or more Directors, or between the Association and any entity in which a Director has a material financial interest;

(f) Electing to wind up and dissolve the Association; or

(g) Any other matter which the Board believes is sufficiently important to require prior notice.

3.4 REVOCATION OF PROXY. An Owner may revoke the appointment of a proxy at any time by written notice to the Secretary. The appointment of a proxy shall be deemed revoked in the following circumstances:

(a) When the Secretary of the Association receives actual notice of the death or judicially declared incompetence of the Owner who appointed the proxy;

(b) Upon recordation of a conveyance by the Owner of all of the Owner's interest in the Lot to which the vote is appurtenant;

(c) Upon the expiration of the term, if any, specified in the instrument appointing the proxy;

(d) By a subsequent proxy executed by the Owner and presented to the meeting;

(e) By the personal attendance at any meeting and exercise of voting rights by the Owner; or

(f) Upon suspension of the Owner's voting rights by the

Association.

3.5 ACTION BY WRITTEN BALLOT WITHOUT A MEETING. Any matter requiring Owners' approval, other than the election of Directors, may be decided by written ballot without the necessity of calling an Owners' meeting. The determination to seek Owner approval by the written ballot process shall be made by a majority vote of the Board. A "written ballot" is a ballot that is mailed or otherwise distributed to every Owner entitled to vote on the matter which is presented to the Owners for their approval. The term "written ballot" does not include a ballot distributed to Owners at an Owners' meeting. Once the determination is made to seek Owner approval by written ballot, the Board shall establish a §2.8 record date, establish the balloting period, and distribute a written ballot to every Owner entitled to vote on the matter.

3.5.1 Balloting Time Requirements. All written ballots shall provide a reasonable time within which to return the written ballot and shall state the date by which the written ballot must be returned in order to be counted. The time fixed for the return of written ballots may be extended only if the Board so notifies the Owners in the balloting solicitation materials originally sent to Owners and then for no more than two successive periods of no more than 30 days each.

3.5.2 Requirements for Valid Owner Approval. Owner approval shall be valid only if the number of ballots cast equals or exceeds the quorum that would have been required at an Owners' meeting and the number of affirmative votes equals or exceeds the number of affirmative votes that would have been required to approve the action at the meeting.

3.5.3 Solicitation Rules. Any written ballot distributed to the Owners to vote on any issue other than the election of Directors shall set forth the proposed action and provide an opportunity to specify approval or disapproval of the proposal. Written ballots shall be solicited in a manner consistent with the requirements of §2.4 regarding notice of Owners' meeting. All solicitations of written ballots shall indicate (a) the number of responses needed to meet the quorum requirement for valid action, (b) the time by which the written ballot must be received by the Association in order to be counted, and (c) the percentage of affirmative votes necessary to approve the measure.

3.5.4 Revocation. If an Owner who has cast a written ballot desires to change his or her vote, the Owner may do so

provided he or she so notifies the Secretary of the Association in writing prior to close of the balloting period.

3.5.5 Conduct of Informational Meetings. An informational meeting is a meeting during which information will be presented and discussed but there will be no voting by the Owners on a motion presented during the meeting. Use of the written ballot procedure shall not preclude informational meetings of the Owners during the balloting period.

3.6 OWNER APPROVAL. If a quorum is present at a meeting, the affirmative vote of the Owners of a majority of the Lots represented, entitled to vote and voting on any matter (other than the election of Directors), shall be the act of the Owners, unless the vote of a greater number is required by the California Nonprofit Mutual Benefit Corporation Law or by the Governing Documents. The affirmative vote must also equal a majority of the required quorum. In the case of Director elections, the candidates receiving the highest number of votes, up to the number of Directors to be elected, shall be elected to the vacant Director positions.

3.7 ACTION BY UNANIMOUS WRITTEN CONSENT. Any action required or permitted to be taken by the Owners at a meeting may be taken without a meeting (and without complying with the §3.5 written ballot process) if all Owners shall individually or collectively consent in writing to the action. When an action is taken by unanimous written consent, the consent(s) shall be filed with the Association's minutes of the meeting of Owners.

ARTICLE IV BOARD OF DIRECTORS

4.1 NUMBER AND QUALIFICATION OF DIRECTORS. The Board of Directors shall consist of five Persons who shall be Owners. A candidate must be an Owner in Good Standing.

4.2 TERM OF OFFICE. Directors terms shall be two (2) years. The terms of the Directors shall be staggered so that the terms of three Directors will expire only every other year. The term of each Director shall begin at the conclusion of the annual meeting at which they were elected and shall continue until the conclusion of the annual meeting at the end of their term. If the annual

meeting date is changed, the terms of the Directors will be adjusted to reflect the change and to maintain the staggered terms for Directors. There shall be no limitation upon the number of consecutive terms to which a Director may be reelected. Each Director, including a Director appointed to fill a vacancy or elected at a special Owners' meeting, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified.

4.3 NOMINATION OF DIRECTORS. To be eligible for nomination and election to the Board, a candidate must be an Owner in Good Standing. Nomination for election to the Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a Director, and two (2) or more Owners. The Nominating Committee shall be appointed by the Board prior to the conclusion of each annual meeting of the Owners, to serve from the close of such annual meeting until the close of the next annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. The nominating committee shall report their list of candidates to the Board at least 60 days before the date of the election, and the Secretary shall place this list of candidates in the notice of annual meeting. The Board shall adopt procedures that provide for a reasonable opportunity for candidates to communicate their qualifications and reasons for their candidacy to the Owners, to solicit votes, and for a reasonable opportunity for all Owners to choose among the candidates.

4.4 ELECTION OF DIRECTORS. The Owners shall elect candidates nominated pursuant to §4.3 to fill vacancies on the Board which will occur at the end of each annual Owners' meeting. The candidates receiving the highest number of votes, up to the number of Directors to be elected, shall be elected as Directors and shall take office at the conclusion of the annual meeting during which they were elected. In the event there is a tie vote between those candidates who receive the lowest number of votes necessary to qualify the candidate for election, the tie shall be broken by another vote to elect one of the candidates who are tied. If a tie exists after the second vote, then the tie will be broken by drawing straws.

4.5 VACANCIES ON BOARD OF DIRECTORS. A vacancy on the Board shall be deemed to exist on the occurrence of any of the following: (a) the death, resignation, or removal of a Director under subsections 4.5.2 and 4.5.3 below; (b) an increase of the authorized number of Directors; (c) the failure of the Owners to fill the vacancies, at an Owners' meeting held for that purpose; or (d) a Director ceases to be an Owner.

4.5.1 Resignation of Directors. Except as provided in this paragraph, any Director may resign, and such resignation shall be effective on giving written notice to the President, the Secretary, or the Board, unless the notice specifies a later time for the resignation to become effective. If the resignation of a Director is effective at a future time the Board, after receiving the notice of resignation, may elect a successor to take office when the resignation becomes effective.

4.5.2 Authority of Board to Remove Directors. The Board shall have the power and authority to remove a Director and declare his or her office vacant if he or she (a) has been declared of unsound mind by a final order of court; (b) has been convicted of a felony; (c) has been found by a final order or judgment of any court to have breached any duty under Corporations Code relating to the standards of conduct of Directors; or (d) fails to attend three (3) consecutive properly noticed regular meetings of the Board.

4.5.3 Authority of Owners to Remove Directors. Except as otherwise provided in subsection 4.5.2 a Director may be removed from office prior to expiration of his or her term only with a §3.6 Owner approval.

Any Membership action to recall or remove a Director shall be conducted in accordance with the following procedures:

(a) A petition must be presented in person to the President, Vice President, or Secretary of the Association and must carry the signatures of Owners in good standing who represent at least 8 Lots. Such petition must set forth the reason(s) for the removal; the manual signature and Lot number(s) of each petitioner; and the name(s) of the sponsor(s) of the petition.

(b) Within 20 days after receipt of such petition, the Board shall call a special meeting. Such meeting shall be conducted not less than 35 nor more than 90 days after the petition is presented. If the Board fails to set a date for, and give the Owners notice of, such meeting within 20 days, the Owners initiating the petition may call such meeting on their own initiative without Board approval.

(c) The Director whose removal is being sought shall have the right to rebut the allegations contained in the petition orally, in writing, or both. If the rebuttal is in writing, it shall be mailed with the notice of the special meeting.

(d) If the quorum requirement for a valid Membership action is not satisfied or if the recall vote results in a tie, the removal action will have failed.

4.5.4 Removal by Court Action. The County Superior Court may, in response to a suit filed by any Director or the Owners of 8 Lots, remove any Director determined to be guilty of fraudulent or dishonest acts or gross abuse of authority or discretion with reference to the Association. The Association shall be made a party to any such action.

4.5.5 Filling Vacancies. Vacancies on the Board shall be filled by a majority vote of the remaining Directors though less than a quorum, or by a sole remaining Director unless the vacancy is created through the Owners' removal of a Director, in which case the vacancy shall be filled by the number of affirmative votes to constitute a §3.6 Owner approval. The Owners may elect a Director or Directors at any time to fill any vacancy or vacancies not filled by the Directors by an election at a duly held Owners' meeting. The election of a single Director shall require the number of affirmative votes to constitute a §3.6 Owner approval.

4.5.6 Reduction in Number of Directors. No reduction of the authorized number of Directors shall have the effect of removing any Director before that Director's term of office expires.

ARTICLE V BOARD MEETINGS

5.1 PLACE OF MEETINGS. Regular and special Board meetings may be held at any place within Alameda or Contra Costa Counties as stated in the notice of the meeting. Notwithstanding the above provisions of this §5.1, a regular or special meeting of the Board may be held at any place consented to in writing by all the Directors, either before or after the meeting. If consents are given, they shall be filed with the minutes of the meeting.

Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all Owners present can hear the deliberation and all Directors participating in the meeting can hear one another. All such Directors shall be deemed to be present in person at such meeting.

5.2 ORGANIZATIONAL MEETING OF DIRECTORS. At the conclusion of each annual meeting of Owners, the Board of Directors shall hold a regular meeting for the purposes of organization, election of officers, and the transaction of other business. The notice of annual Owners meeting will serve as the notice for this Board meeting.

5.3 OTHER REGULAR MEETINGS. Other regular meetings of the Board shall be held without call at such time as shall from time to time be fixed by the Board of Directors and communicated to the Directors. Ordinarily, regular meetings shall be conducted at least quarterly. Notice of the time and place of regular meetings shall be communicated to the Directors not less than 72 hours prior to the meeting; provided, however, that notice need not be given to any Director who has signed a written waiver of notice or consent to holding the meeting as more particularly provided in §5.9. Notice of all Board meetings shall be provided to Owners, at a minimum of semi-annually, by written notice in a mailing to the Owners.

5.4 SPECIAL MEETINGS OF THE BOARD. Special meetings of the Board may be called for any purpose at any time by the President or any two Directors.

5.4.1 Notice of Special Meetings. Notice of the time and place of special meetings of the Board shall be given to each Director by one of the following methods: (a) by personal delivery of written notice; (b) by first-class mail, postage prepaid; (c) by telephone communication, either directly to the Director or to

a Person at the Director's home or office who would reasonably be expected to communicate such notice promptly to the Director; or (d) by telegram, charges prepaid. All such notices shall be given or sent to the Director's address or telephone number as shown on the records of the Association. Notwithstanding the foregoing, notice of a meeting need not be given to any Director who signed a written waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof as more particularly provided in §5.9.

5.4.2 Time Requirements. Notices sent by first-class mail shall be deposited in a United States mailbox at least four days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least 48 hours before the time set for the meeting.

5.4.3 Notice Contents. The notice shall state the time, place, and purpose of the meeting.

5.5 OPEN SESSION MEETINGS. With the exception of closed sessions of the Board, all meetings of the Board shall be open to Owners to allow them to observe the Board's deliberations. However, the non-director Owners may participate in the deliberations of the Board only when expressly authorized by a vote of a majority of the directors present at the meeting at which a quorum has been established. The agenda for Board meetings shall include a specific time for Owner questions and comments. The chair shall be authorized to impose reasonable time limitations on Owner questions and comments.

5.6 CLOSED SESSION MEETINGS. The Board, on the affirmative vote of a majority of the Directors present at a meeting at which a quorum has been established, shall be entitled to adjourn at any time for purposes of reconvening in closed session to consider litigation, matters that relate to formation of contracts with third parties, or personnel matters. Any matter discussed in closed session shall be generally noted in the Board minutes. In any matter relating to the discipline of an Owner, the Board shall meet in closed session if requested by the Owner, and the Owner shall be entitled to attend the closed session.

5.7 MINUTES OF MEETING. Either the Board minutes, the

proposed draft of the Board minutes, or a summary of the Board minutes, other than a closed session, shall be available to Owners within 30 days of the meeting. These Board minutes shall be distributed to any Owner on request and on reimbursement of the Association's costs in making that distribution. The Owners shall be notified in writing at the time that the pro forma budget required in CC §1365 is distributed or at the time of any general mailing to the entire Membership of the Association of their right to have copies of the minutes of meetings of the Board and how and where those minutes may be obtained.

5.8 QUORUM REQUIREMENTS. Three Directors shall constitute a quorum for the transaction of business, except to adjourn as provided in §5.10. Every act or decision made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board, subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, especially those provisions listed in the Corporations Code relating to (a) approval of contracts or transactions in which a Director has a direct or indirect material financial interest, (b) appointment of committees, and (c) indemnification of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors below a quorum, provided any action taken is approved by at least a majority of the required quorum for that meeting, or such greater number as is required by these Bylaws, by the Articles, or by law.

5.9 WAIVER OF NOTICE. Any action taken at any Board meeting, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the Directors not present, individually or collectively, signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the Association records or made a part of the minutes of the meeting and shall have the same force and effect as a unanimous vote of the Board. The requirement of notice of a meeting shall also be deemed to have been waived by any Director who attends the meeting without protesting the lack of proper notice either before or at the

inception of the meeting.

5.10 ADJOURNMENT. A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place. If the meeting is adjourned for more than 24 hours, notice of adjournment to any other time or place shall be given prior to the time of the reconvened meeting to the Directors who are not present at the time of the adjournment. Except as provided above, notice of adjournment need not be given.

5.11 ACTION WITHOUT A MEETING. Any action required or permitted to be taken by the Board may be taken without a meeting, if all Directors, individually or collectively, consent in writing to that action. Such action shall have the same force and effect as a unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

If prompt or immediate action of the Board is necessary and there is insufficient time to comply with the notice requirements set forth herein, reasonable efforts shall nevertheless be made to contact all Board Members regarding the proposed action in advance thereof, rather than relying on notification after the fact.

5.12 COMPENSATION. Directors shall not be entitled to compensation for their services as Directors, although they may be reimbursed for such actual expenses as they are incurred. Expenses for which reimbursement is sought shall be supported by a proper receipt or invoice.

ARTICLE VI POWERS AND DUTIES OF THE BOARD

6.1 SPECIFIC POWERS. Without prejudice to the general powers of the Board of Directors set forth in §3.3 of the Declaration, the Directors shall have the power to:

(a) Exercise all powers vested in the Board under the Governing Documents and under the laws of the State of California;

(b) Appoint and remove all Officers of the Association and Association employees, if any; prescribe any powers and

duties for such Persons that are consistent with law, the Articles of Incorporation, and these Bylaws; and fix their compensation;

(c) Appoint such agents and employ such other employees, including an Association Manager, an attorney and an accountant, as it sees fit to assist in the operation of the

Association, and to fix their duties and to establish their compensation;

(d) Enforce all applicable provisions of the Governing Documents relating to the control, management, and use of the Lots within the Properties and the Common Area;

(e) Contract for and pay premiums for fire, casualty, liability, and other insurance and bonds (including indemnity bonds) that may be required from time to time by the Association;

(f) Contract for and pay for maintenance, landscaping, utilities, materials, supplies, labor, and services that may be required from time to time in relation to the Common Areas;

(g) Pay all taxes, Special Assessments and other Assessments, and charges that are or would become a lien on any portion of the Common Areas;

(h) Contract for and pay for construction or reconstruction of any portion or portions of the Properties that have been damaged or destroyed and that are to be rebuilt by the Association;

(i) Delegate its duties and powers hereunder to the Officers of the Association or to committees established by the Board, subject to the limitations expressed in §3.9 of the CC&Rs;

(j) Levy and collect Assessments from the Owners in accordance with the Declaration and establish and collect reasonable use charges for any or all of the recreational Common Facilities for the purpose of equitably allocating their maintenance and operation costs among the users;

(k) Perform all acts required of the Board under the Declaration;

(l) Prepare financial statements and maintain a full set of books and records showing the financial condition of the affairs of the Association in a manner consistent with generally accepted accounting principles;

(m) Appoint a nominating committee for the nomination of Persons to be elected to the Board and prescribe rules under which said nominating committee is to act, as described in §4.3;

(n) Appoint such other committees as it deems necessary from time to time in connection with the affairs of the Association in accordance with Article VII, including Owners of the Architectural Committee described and constituted in accordance with Article VI of the Declaration;

(o) Fill vacancies on the Board of Directors or in any committee, except a vacancy created by the Owners' removal of a Board Member;

(p) Open bank accounts and borrow money on behalf of the Association and designate the signatories to such bank accounts;

(q) Bring and defend actions on behalf of more than one Owner or the Association to protect the interests of the Owners or the Association, as such, as long as the action is pertinent to the operations of the Association, and assess the Owners for the cost of such litigation. Any disciplinary action against an Owner shall be subject to the hearing requirements set forth in Article X; and

6.2 LIMITATIONS ON POWERS. Without the vote or written assent of the Owners of a majority of the Lots, the Board shall not take any of the following actions:

(a) Enter into a contract with a third party for the furnishing of goods or services to the Common Area or the Association for a term longer than one year. This restriction shall not apply to (1) FHA- or VA-approved management contracts; (2) public utility contracts in which the rates charged for materials or services are regulated by the Public Utilities Commission, provided that the term of the contract may not exceed the shortest term for which the supplier will contract at the regulated rate; or (3) prepaid casualty or liability insurance policies not to exceed three years' duration, provided that the policies provide for short-rate cancellation by the insured;

(b) Incur aggregate expenditures for new capital Improvements to the Common Areas in any fiscal year in excess of 5 percent of the budgeted gross expenses of the Association for that fiscal year. This limitation shall not apply to the expenditure of any funds accumulated in a reserve fund for maintenance, restoration, repair or replacement of existing capital Improvements, or new capital Improvements so long as the expenditure is for the purpose for which the reserve funds were collected;

(c) Sell during any fiscal year property of the Association having an aggregate fair market value greater than 5 percent of the budgeted gross expenses of the Association for that year, provided however, that this limitation shall not apply to the sale or other disposition of improved Lots acquired by the Association in foreclosure proceedings;

(d) Pay compensation to Directors, provided that Directors can be reimbursed for reasonable out-of-pocket expenses, verified in writing, incurred in the discharge of their duties;

(e) Fill any vacancy on the Board created by the Owners' removal of a Director;

(f) Any action to impose a Special Assessment or to increase the Regular Assessment under circumstances requiring Owner approval; or

(g) Any action to amend these Bylaws the Articles of Incorporation or the Declaration, except for any amendments permitted by Board action alone pursuant to §11.4.

ARTICLE VII COMMITTEES

7.1 BOARD APPOINTED COMMITTEES. In addition to the Nominating Committee appointed and constituted pursuant to §4.3 and the Architectural Committee constituted pursuant to Article VI of the Declaration, the Board may, by resolution adopted by a majority of the Directors then in office, designate one or more committees, each consisting of two or more Owners to serve at the

pleasure of the Board.

7.2 ADVISORY FUNCTION OF COMMITTEE. Unless otherwise expressly provided in the Governing Documents or in the Board resolution establishing the Committee's Charter, all actions of any committee shall be considered advisory to the Board and shall be scheduled on the agenda of the next Board meeting after the committee's action or decision.

No committee, regardless of Board resolution, may:

(a) Take any final action on any matter that, under the California Nonprofit Mutual Benefit Corporation Law, also requires approval of the Owners;

(b) Fill vacancies on the Board of Directors or on any committee that has been delegated any authority of the Board;

(c) Amend or repeal Bylaws or adopt new Bylaws;

(d) Amend or repeal any resolution of the Board of Directors that by its express terms is not so amendable or repealable;

(e) Appoint any other committees of the Board of Directors or the Owners of those committees;

(f) Expend Association funds to support a nominee for Director after there are more people nominated for Director than can be elected; or

(g) Approve any transaction to which the Association is a party and one or more Directors have a material financial interest or a transaction between the Association and one or more of its Directors or between the Association or any Person in which one or more of its Directors have a material financial interest.

7.3 MEETINGS AND ACTIONS OF COMMITTEES. Meetings and actions of committees shall be in accordance with, the provisions of Article IV, concerning Board meetings. Minutes shall be kept of each meeting of any committee and shall be filed with the Association records. The Board may adopt a resolution to provide a Charter for the operation and governance of each committee.

ARTICLE VIII
OFFICERS

8.1 OFFICERS. The Officers of the Association shall be a President, a Vice President, a Secretary and a Chief Financial Officer. The Association may also have one or more Assistant Secretaries, Assistant Treasurers, and such other subordinate Officers as may be appointed in accordance with the provisions of §8.3. The word Officers includes Assistant and Subordinate Officers. One Person may hold two or more offices, except that neither the Secretary nor the Chief Financial Officer may serve concurrently as President.

8.2 ELECTION OF OFFICERS. The Officers of the Association, except such Officers as may be appointed in accordance with the provisions of §§8.3 and 8.6, shall be chosen annually by majority vote of the Board at its first regular meeting following the annual meeting of the Owners. Each officer shall hold his or her office until his or her successor is elected and qualified, or until he or she resigns or is removed from office.

8.3 SUBORDINATE OFFICERS. The Board may appoint, and may empower the President to appoint, such other Officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws and as the Board may from time to time determine.

8.4 REMOVAL OF OFFICERS. Any Officer may be removed by the Board with or without cause, at any regular or special Board meeting.

8.5 RESIGNATION OF OFFICERS. Any Officer may resign at any time by giving written notice to the Board, or to the President, or to the Secretary. Any such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Association under any contract to which the Officer is a party.

8.6 VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled by the Board.

8.7 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 affairs and Officers of the Association. He or she shall preside at all meetings of the Board, and shall have the general power and duties of management usually vested in the office of President of a corporation, together with such other powers and duties as may be prescribed by the Board or the Bylaws.

8.8 VICE PRESIDENT. In the absence or disability of the President, the Vice President shall perform all the duties of the President and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. He or she shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or the Bylaws.

8.9 SECRETARY. The Secretary shall keep or cause to be kept at the principal office or such other place as the Board may order, a book of minutes of all meetings of Directors, Committees and Owners, with the time and place of holding same, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at Directors' and Committee meetings, the number of Owners present, in Person or by proxy, at Owners' meetings, and the proceedings thereof. The Secretary shall keep, or cause to be kept, appropriate current records listing the Owners, together with their addresses. He or she shall give, or cause to be given, notice of all meetings of the Board required by the Bylaws or by law, and he or she 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 the Bylaws.

8.10 CHIEF FINANCIAL OFFICER. The Chief Financial Officer, who may be known as 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 Chief Financial Officer shall prepare and send to the Owners such financial statements as are required by law, these Bylaws or the Board. 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 depositaries as may be designated by the Board. He or she shall disburse the Association's funds as may be ordered by the Board, shall render to the President and Directors, whenever they request it, an account of all of his or her 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 the Bylaws. If required by the Board, the Chief Financial Officer shall give the Association a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of his or her office and for restoration to the Association of all its books, papers, vouchers, money, and other property of every kind in his or her possession or under his or her control on his or her death, resignation, retirement, or removal from office.

ARTICLE IX ASSOCIATION FINANCES

9.1 MANAGEMENT OF ACCOUNTS. All sums received by the Association shall be promptly deposited in one or more insured depository accounts in a bank, savings and loan association, or other financial institution selected by the Board which has offices located within the State of California. In addition, the Board shall be entitled to make prudent investment of reserve funds in insured certificates of deposit, money market funds or similar investments consistent with the investment standards normally observed by trustees. The Board and their designees shall be responsible for the continuous maintenance of accurate records for, and shall have exclusive control of said account(s) and investments.

To preclude a multiplicity of bank accounts, the proceeds of all Assessments may be commingled in one or more accounts and need not be deposited in separate accounts so long as the separate accounting records described in §9.2 are maintained. Any interest received on such deposits shall be credited proportionately to the balances of the various Assessment fund accounts maintained on the books of the Association as provided in §9.2. All Association books of account shall be maintained in accordance with generally accepted accounting principles.

9.2 SEPARATE ACCOUNTS: COMMINGLING OF FUNDS. Except as provided in this §9.2, the proceeds of each Assessment shall be used only for the purpose for which such Assessment was made, and such funds shall be received and held in trust by the Association for such purpose. Notwithstanding the foregoing, the Board, in its discretion, may make appropriate adjustments among the various line items in the pro forma operating budget.

For purposes of accounting, but without requiring any physical segregation of assets, the Association shall maintain a separate accounting of all funds received by it in payment of each Assessment and of all disbursements made therefrom, provided that receipts and disbursements of Special Assessments and Special Individual Assessments shall be accounted for together with the receipts and disbursements of Regular Assessments. Separate accounts shall be maintained for each Major Component for which reserve funds are collected. A separate account for each future new capital Improvement for which reserve funds are collected shall be maintained.

If the proceeds of any Special Assessment exceed the amount required to accomplish the purpose for which such Assessment was levied, such surplus may, in the Board's discretion, be returned proportionately to the contributors thereof, reallocated among the Association's Reserve Accounts if any such account is, in the Board's opinion, underfunded or credited proportionately on account of the Owners' future Regular Assessment obligations.

All reserve funds shall be accounted for as contributions to the capital of the Association and as trust funds segregated from operating funds.

9.3 OPERATING ACCOUNT. There shall be established and maintained a cash deposit account to be known as the Operating Account into which shall be deposited all funds, other than the reserve funds, used to operate the Association, including without limitation the operations portion of all Regular and Special Assessments. These moneys are referred to as operating funds. Disbursements from the Operating Account shall be for the general need of the Association including, without limitation, expenses for corporate operations, insurance, repairs, maintenance and other operating expenses.

9.4 RESERVE ACCOUNTS. The Reserve Account is the account which contains the moneys identified in the pro forma operating budget, or the Board resolution levying a Special Assessment, as having been set aside to defray the future repair, replacement, restoration, maintenance or additions to the Major Components. These moneys are referred to as reserve funds.

9.5 RESTRICTION OF RESERVE ACCOUNT. The Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, maintenance, or additions to, existing Major Components, or construction of future new Major Components, for which the reserve funds were established, or litigation involving those subjects. However, the Board may authorize the temporary transfer of reserve funds to the Operating Account to meet short-term cash flow requirements or other expenses, provided its minutes contain a written finding which explains the need for the transfer, and a description of when and how the money will be repaid. These transferred funds shall be restored to the reserve fund within one year of the date of the initial transfer, except that the Board may temporarily delay the restoration until the time it reasonably determines to be necessary upon making a finding, supported by documentation, that the temporary delay would be in the Association's best interest. The Board shall exercise prudent fiscal management in delaying restoration of these funds and in restoring the expended funds to the Reserve Account, and shall, if necessary, levy a Special Assessment to recover the full amount of the expended funds within the time limits required by this section. This Special Assessment is subject to the limitation imposed by §4.12 of the Declaration, unless it is to pay for legal costs associated with litigation involving the repair, restoration, replacement, or maintenance of, major components which the Association is obligated to repair, restore, replace or maintain. The Board may extend the due date of the special assessment. Any extension shall not prevent it from pursuing any legal remedy to enforce the collection of an unpaid special assessment.

When the Board decides to use reserve funds, or temporarily transfer them, to pay for litigation, it shall notify the Owners in the next available regular mailing to Owners. This notice shall also advise Owners of the availability of an accounting of those expenses. At least quarterly thereafter, the Board shall make an accounting of the expenses related to the litigation

available for the Owners' inspection at the Association's office.

9.6 RESERVE STUDY AND REVIEW. At least once every three years the Board shall cause a study of the Association's Reserve Account Requirements to be conducted. The Board shall review this study annually and shall consider and implement necessary adjustments to the Board's analysis of the Reserve Account Requirements as a result of that review.

The study required by this §9.6 shall at a minimum include:

(a) Identification of the Major Components which, as of the date of the study, have a remaining useful life of less than 30 years;

(b) Identification of the probable remaining useful life of the Major Components as of the date of the study;

(c) An estimate of the cost repair, replacement, restoration, or maintenance of each Major Component during and at the end of its useful life; and

(d) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain each Major Component during and at the end of its useful life, after subtracting total reserve funds as of the date of the study.

9.7 CHECKS. Unless the Board authorizes more stringent requirements, any check or other negotiable instrument issued by the Association shall require the following joint signatures:

(a) Checks from the Operating Account require the signatures of any two of the following Persons: the President, Chief Financial Officer, Secretary, and/or any other Person with written Board authorization.

(b) Checks from the Reserve Account require the signatures of any two Directors or a non-director Officer and a Director.

9.8 REVIEW OF ACCOUNTS. On no less than a quarterly basis, the Board shall:

(a) Review a current reconciliation of the Operating Accounts;

(b) Review a current reconciliation of the Reserve Accounts;

(c) Review the current year's actual reserve revenues and expenses compared to the current year's Budget;

(d) Review the latest account statements prepared by the financial institution(s) which has the Operating and Reserve Accounts; and

(e) Review the income and expense statement for the Operating and Reserve Accounts.

To the extent one document provides the information required in more than one of the above listed items, any such requirements listed above may be satisfied by reviewing the same document.

9.9 PRO FORMA OPERATING BUDGET. A pro forma operating budget for each fiscal year shall be distributed to all Owners not less than 45 days nor more than 60 days before the beginning of the fiscal year consisting of at least the following:

(a) Estimated revenue and expenses on an accrual basis;

(b) A summary of the Association's reserves based on the most recent review or study which shall be printed in bold type and shall include the following:

(1) The current estimated replacement cost, estimated remaining life, and estimated useful life of each Major Component.

(2) As of the end of the fiscal year for which the study was prepared:

(i) The current estimate of cash reserves necessary to repair, replace, restore, or maintain the Major Components.

(ii) The current amount of accumulated cash

reserves actually set aside to repair, replace, restore, or maintain Major Components.

(iii) The percentage of the amount in §9.9(b)(2)(i) that the amount in §9.9(b)(2)(ii) represents.

(3) A statement as to whether the Board has determined or anticipates that the levy of one or more Special Assessments will be required to repair, replace or restore any Major Component or to provide adequate reserves for them;

(4) A general statement addressing the procedures used for the calculation and establishment of those reserves to defray the future repair, replacement, or additions to the Major Components;

(5) A general statement regarding the Owner's right to have copies of the minutes of Board meetings and how and when these minutes may be obtained; and

(6) A general statement notifying each Owner of his right to receive the §9.9 annual report.

Instead of distributing the pro forma operating budget, the Board may elect to distribute a summary of the Budget with a written notice that the Budget is available at the business office of the Association or at another suitable location within the boundaries of the development and that copies will be provided on request at the expense of the Association. The notice must be in at least 10-point bold type and must appear on the front page of the summary of the Budget. Any Owner who requests a copy of the Budget will be provided a copy by the Association by first class United States mail at the Association's expense within five days of the date the Association receives the request.

9.10 ANNUAL REPORT. Within 120 days after the close of the fiscal year, a copy of the Corporation's Code §8321 annual report consisting of at least the following shall be distributed to Owners:

(a) A balance sheet as of the end of the fiscal year;

(b) An operating (income) statement for the fiscal year;

(c) A statement of changes in financial position for the fiscal year;

(d) A statement advising Owners of the place where the names and addresses of the current Owners are located; and

(e) Any information required to be reported under Corporations Code §8322 requiring the disclosure of certain transactions in excess of \$50,000 per year between the Association and any Director or Officer and indemnifications and advances to Officers or Directors in excess of \$10,000 per year.

A review or audit of the annual report shall be prepared in accordance with generally accepted accounting principles by a licensee of the State Board of Accountancy for any fiscal year in which the Association's gross income exceeds \$75,000. If the annual report is not prepared by such a licensee, it shall be accompanied by the certificate of the Chief Financial Officer that the statement was prepared without a review or audit from the books and records of the Association.

9.11 ASSESSMENT COLLECTION POLICY. A statement describing the Association's policies and practices in enforcing Lien rights or other legal remedies for default in payment of its Assessments against its Owners shall be annually delivered to the Owners during the 60-day period immediately preceding the beginning of the Association's fiscal year. The Board may amend the Assessment Collection Policy at any time and shall deliver it to all Owners at least thirty (30) days prior to its effective date.

9.12 TAX RETURNS. The Board shall take whatever action is necessary to file complete and accurate Federal and State tax returns. The Board shall make elections under those laws and cause the affairs of the Association to be conducted in a manner which minimizes the tax due consistent with their obligations as trustees.

ARTICLE X HEARINGS

10.1 NOTICE AND OPPORTUNITY FOR HEARING. When the Board imposes a Sanction for a Violation, it must act in good faith and must provide an opportunity for a hearing. This hearing requirement does not apply to the imposition of late charges, interest, attorney fees and other Assessment Collection Costs which occur prior to foreclosure or filing a lawsuit. The Owner is entitled to only one Board hearing to decide whether a Violation has occurred and to consider appropriate Sanctions.

In the event of an Emergency, the Board may take immediate corrective or disciplinary action without providing notice and opportunity for a hearing. Thereafter, the Board, upon the written request of the offending Owner, which must be made within 30 days of the Association's action, shall conduct a hearing as soon as reasonably possible. The Board may, on its own initiative, and with fifteen days notice to the Owner, conduct a hearing regarding its action without the Owner's request that it do so.

10.2 GENERAL HEARING PRACTICES.

10.2.1 Technical Rules of Evidence. Technical rules of evidence shall not apply to the hearing, but evidence may be admitted and given probative effect only if it is the kind of evidence upon which reasonable Persons are accustomed to rely in the conduct of serious affairs. Hearsay evidence shall be admissible and may in itself be sufficient to support a finding if it would be admissible over objection in a court proceeding.

10.2.2 Affidavits. To preserve the right of each party to cross examine witnesses, an affidavit from a witness shall not be accepted into evidence without the consent of the other party.

10.2.3 Interpreter. The hearing shall be conducted in the English language. A Person offering testimony by a witness who does not proficiently speak English shall provide an interpreter, approved by the Board President, as proficient in English as well as the language in which the witness will testify.

The cost of the interpreter must be paid by the party providing the interpreter. It shall be the responsibility of the party requesting the use of an interpreter to obtain approval of the

interpreter at least forty-eight (48) hours prior to the commencement of the hearing.

10.2.4 Representation. Each party may, but need not, be represented by counsel, call witnesses, introduce evidence, testify, be called to testify, and question adverse witnesses. Each party must advise the other party if they will be represented by counsel, by written notice within seven (7) days of the hearing. If this notice is not provided, the hearing may be rescheduled within fifteen (15) days upon the request of the party who did not receive the notice.

10.2.5 Oath. Each witness shall give testimony under oath.

10.2.6 Closed Session. The hearing shall be in closed session if requested by the Owner.

10.2.7 Hearing Transcription. Either party may cause the hearing to be transcribed at its own expense.

10.2.8 Failure to Appear. The failure of an Owner to appear at the hearing does not compromise the Board's right to take evidence, make findings and issue a decision which imposes a fine or other Sanctions concerning the alleged violation.

10.2.9 Exchange of Information. Upon written request, each party, i.e. the Board and the Owner, shall provide the other with, the name, address and telephone number of their witness, and an opportunity to inspect and copy any statements, writings and investigative reports that they intend to present at the hearing. The Person chairing the hearing may exclude evidence offered at the hearing which should have been provided in response to this request but was not provided.

10.3 HEARING PROCEDURE. The hearing shall proceed in the following manner, unless the Person chairing the hearing, for good cause, directs otherwise.

10.3.1 Chairperson. The Board shall appoint someone to chair the Hearing and rule on questions of evidence and procedure.

10.3.2 Introduction. The Chairperson shall introduce all parties and representatives.

10.3.3 Materials to be Part of Record. All correspondence between the parties with respect to the matters which gave rise to this hearing, including without limitation, the notice of hearing, the Owner's response(s), and this Article X shall be made part of the record at the beginning of the hearing.

10.3.4 Opening Statement. The Association and Owner shall be given an opportunity to make an opening statement briefly summarizing their case, describing the evidence to be presented

and how it supports their position.

10.3.5 Association's Presentation of Evidence. The Association may present witnesses and other evidence subject to examination by the Owner. The Owner may be called as a witness by the Association.

10.3.6 Owner's Presentation of Evidence. The Owner may present witnesses and other evidence subject to examination by the Association.

10.3.7 Rebuttal. The Association, then the Owner, may offer rebuttal evidence.

10.3.8 Closing Arguments. The Association, then the Owner, may address the Board regarding the manner in which the evidence admitted during the hearing supports their position.

10.3.9 Decision. After hearing the evidence and listening to the closing arguments, the Board shall take the matter under submission and may continue to meet in executive session to deliberate and decide. The Board's decision shall be final and shall be delivered to the Owner personally or by first class mail and shall become effective 6 days after personal delivery or 9 days after mailing, if delivered by mail.

ARTICLE XI MISCELLANEOUS

11.1 INSPECTION OF BOOKS AND RECORDS.

11.1.1 Owners' Inspection Rights. All accounting books and records, minutes of proceedings of the Owners, the Board and its Committees and the list of the Owners shall at all times, during reasonable business hours, be subject to the inspection of any Owner or his or her duly appointed representative at the offices of the Association for any purpose reasonably related to the Owner's interest as such. Owner's rights of inspection shall be exercisable on ten days' written demand on the Association, which demand shall state the purpose for which the inspection rights are requested. In the case of the demands to inspect the list of Owners, an Owner's inspection rights shall be subject to the Association's right to offer a reasonable alternative to

inspection within ten days after receiving the Owner's written demand as more particularly set forth in Corporations Code §§8330-8338.

11.1.2 Directors' Inspection Rights. Every Director shall have an absolute right at any reasonable time to inspect all books, records, documents, and minutes of the Association and the physical Properties owned by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents.

11.1.3 Adoption of Inspection Rules. The Board may establish reasonable Rules with respect to notice of inspection, hours and days of the week when inspection may be made, and payment of the cost of reproducing copies of documents requested by an Owner.

11.2 ASSOCIATION MANAGER. The Board may, from time to time, employ the services of an Association Manager to provide assistance with respect to the management of the affairs of the Association and it may delegate the exercise of its day-to-day management and maintenance duties and powers, set forth in the Governing Documents, to the Association Manager provided that the Association Manager shall at all times remain under the direction of the Board.

11.3 CORPORATE SEAL. The Association shall have a seal in circular form having within its circumference the words Country View Home Owners Association, incorporated on October 31, 1977, State of California.

11.4 AMENDMENT OF BYLAWS. These Bylaws may be adopted, amended, or repealed by the written ballot process or at an Owners' meeting with a §3.6 Owner approval.

If any provision of these Bylaws requires a higher number of affirmative votes, the provision may not be altered, amended, or repealed except by such greater vote, unless otherwise specifically provided herein. Any amendment to these Bylaws shall become effective immediately upon Owner approval. The Secretary shall certify adoption of any duly approved amendment and a copy of said certificate and the amendment shall be mailed to the

Owners and included in the Association's corporate records.

11.5 ASSOCIATION'S INDEMNIFICATION OF AGENTS. To the fullest extent permitted by law, the Association shall indemnify any agent of the Association who was a party to any proceeding by reason of the fact that the Person is or was an agent of the Association against expenses actually and reasonably incurred in any proceeding to the extent that the agent was successful on the merits in defense of the proceeding or in defense of any claim, issue, or matter therein.

To the fullest extent permitted by law, the Association may indemnify any agent of the Association who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that such Person is or was an agent of the Association, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding, subject to the limitations upon indemnification set forth in Corporations Code §7237, and provided the approval requirements described in subsection 11.5.1 have been satisfied.

For purposes of this §11.5, the term "agent" means any present or former Director, Officer, employee, or other agent of the Association, the term "proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, and the term "expenses", includes without limitation, attorneys' fees and any expense of establishing a right to indemnification. As used in this §11.5, each of these terms shall have same definition as set forth in Corporations Code §7237(a).

11.5.1 Indemnification Approval. Unless indemnification is required as provided in the first paragraph of §11.5, indemnification shall be made only if authorized in the specific case upon a determination that indemnification is proper in the circumstances because the agent satisfied the appropriate standard of care described in subsection 11.5.2. The determination must be made by one of the following methods:

(a) A majority vote of a quorum of the Board consisting of Directors who are not parties to the proceedings.

(b) The approval of the Owners as described in §3.6 provided

that if the agent to be indemnified is an Owner, the agent shall not be entitled to vote.

(c) The approval of the court in which such proceeding is or was pending, on application made by the Association, or the agent, or the attorney, or other Person rendering services in connection with the defense, whether or not the application is opposed by the Association.

Notwithstanding the foregoing, any indemnification in any proceeding brought by, or on behalf of, the Association, or any action alleging self dealing as set forth in Corporations Code §5233, shall be subject to the restrictions contained in Corporations Code §7237(c).

11.5.2 Standard of Care. In any proceeding brought by, or on behalf of, the Association, or any action alleging self dealing as set forth in Corporations Code §5233, the applicable standard of care shall require that the agent acted in good faith, in a manner the agent believed to be in the best interests of the Association and with the care, including reasonable inquiry, that an ordinarily prudent Person in like position would use under similar circumstances. In all other proceedings, the agent must have acted in good faith, in a manner the agent believed to be in the best interests of the Association and, in the case of a criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

11.5.3 Advancement of Expenses. To the fullest extent permitted by law, upon approval by the Board, expenses incurred in defending any proceedings may be advanced by the Association prior to the final disposition of the proceeding, provided the Association receives an undertaking by or on behalf of the agent that the advances will be repaid unless it is ultimately determined that the agent was entitled to indemnification as required or authorized by Corporations Code §7237.

11.5.4 Conflict with Corporations code §7237. If there is a conflict between this §11.5 and the provisions of Corporations Code §7237, which limit the Association's ability to indemnify its agents, the provisions of Corporations Code §7237 shall control to the extent of the conflict.

11.5.6 Insurance. The Association shall have the power to purchase and maintain insurance on behalf of its agents, against any liability asserted against or incurred by any agent in such capacity or arising out of the agent's status as such whether or not the Association would have the power to indemnify the agent against such liability under this §11.5. This section is not intended to be for the benefit of any insurer and shall not affect nor limit the duty of any insurer to pay any claim which would be payable by said insurer but for this section.

11.6 CONSTRUCTION AND DEFINITIONS. Unless the context requires otherwise or a term is specifically defined herein, the general provisions, rules of construction, and definitions in the California Nonprofit Mutual Benefit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, and singular number includes the plural and the plural number includes the singular. All captions and titles used in these Bylaws are intended solely for the reader's convenience of reference and shall not affect the interpretation or application of any of the terms or provisions contained herein.

11.7 CONFLICT WITH DECLARATION. If any provision of these Bylaws conflicts with any provision of the Declaration the Declaration shall control to the extent of any such conflict.

11.8 FISCAL YEAR. The fiscal year of the Association shall be January 1 through December 31. The Board may change the fiscal year at any time or from time to time by majority vote of the Directors.

CERTIFICATE OF SECRETARY

The undersigned, Secretary of the corporation known as Country View Home Owners Association, San Ramon, California, Inc., does hereby certify that the above and foregoing Restated Bylaws consisting of 37 pages, were duly adopted by written ballot of the Owners of said Association on the ____ day of (month) , 1996, and that they now constitute said Bylaws.

Country View Home Owners Association,
San Ramon, California, Inc.

By
Patricia Baran, Secretary

**FIRST RESTATED BYLAWS
OF
COUNTRY VIEW HOME OWNERS ASSOCIATION,
SAN RAMON, CALIFORNIA, INC.**

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