

BYLAWS  
OF  
TAXCO CONDOMINIUMS, HOMEOWNERS' ASSOCIATION

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# TAXCO

## BYLAWS

OF

### TAXCO CONDOMINIUMS HOMEOWNERS' ASSOCIATION

#### ARTICLE I

##### The Organization

TAXCO CONDOMINIUMS HOMEOWNERS' ASSOCIATION, a California nonprofit mutual benefit corporation (hereinafter referred to as "Homeowners' Association"), is an organization consisting solely of the Owners of that Condominium Project known as Taxco Condominiums.

#### ARTICLE II

##### Location

The Homeowners' Association shall have its principal office at the Project in the City of Concord, County of Contra Costa, State of California, or at such other office within said City as the Board of Directors of the Homeowners' Association may determine or as the affairs of the Homeowners' Association may require from time to time.

#### ARTICLE III

##### Purposes

The purposes of the Homeowners' Association shall be those set forth in the Declaration of Covenants, Conditions and Restrictions Establishing a Plan of Condominium Ownership for Taxco Condominiums (hereinafter called "Restrictions") and to carry out, exercise, discharge, operate, manage and enforce for the mutual benefit of the Homeowners' Association and all of the Owners the provisions of such Restrictions as recorded in the Office of the Recorder of the County of Contra Costa, State of California, as the same may, from time to time, be amended and supplemented, and the provisions of these Bylaws, as the same may, from time to time, be amended, regarding the management, administration, maintenance, preservation, repair and operation of the real property, together with all Condominiums, including the Common Area, Homeowners' Association Common Area and Units, known as Taxco Condominiums, Increment I, in the County of Contra Costa, State of California, as described in the Restrictions, and such additions thereto as are hereafter Annexed with said property.

LAW OFFICES OF

DAVIS & YOUNG

PROFESSIONAL CORPORATIONS

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## ARTICLE IV

### Definitions

The names, words and phrases used herein shall have the same meaning as set forth in the Restrictions, and the definitions therein contained are hereby incorporated herein by this reference.

## ARTICLE V

### Applicability

The provisions of these Bylaws are applicable to the Project, its operation, occupancy, ownership, maintenance and use, and to all present and future Owners, members of their families, tenants, guests and invitees and to any other person or persons who may use the Project or its facilities in any manner. The acceptance of a deed to any Condominium and/or the entering into occupancy or the use of any Condominium in the Project shall constitute (1) an acceptance and ratification of these Bylaws and Restrictions and (2) an agreement to be bound by and comply with the provisions of these Bylaws, the Articles, the Association Rules and the Restrictions as any or all may, from time to time, be amended.

## ARTICLE VI

### Membership

(a) Each Owner shall, upon becoming such Owner, automatically become a Member of the Homeowners' Association and shall remain a Member thereof until he shall cease to be an Owner. Declarant shall be deemed the Owner of all Condominiums retained or unsold by Declarant. The foregoing is not intended to include persons or entities who hold such an interest in a Condominium merely as security for the performance of an obligation. Except as otherwise provided in the Restrictions, the Articles and these Bylaws, each Owner shall be subject to and shall comply with each and all of the provisions of these Bylaws, the Articles and the Restrictions as the same or any or all of them may, from time to time, be amended.

(b) Membership is appurtenant to the Condominiums. The Membership of each Owner in the Homeowners' Association is for the benefit of and appurtenant to the Condominium to which it relates and, consequently, Membership may not be separated from the Ownership of such Condominium.

## ARTICLE VII

### Homeowner Meetings and Voting

(a) Meetings of the members shall be held within the Project or, if unusual conditions exist, at a meeting place as close thereto as possible; provided that members' meetings shall not be held outside Contra Costa County.

(b) Written notice of regular and special meetings of the members shall be given to the members by the Board by posting a notice in a conspicuous place in the Common Area or Homeowners' Association Common Area and sending a copy thereof to each Owner. Mailed notices shall be addressed to each Owner at the address of that Owner appearing on the books of the Homeowners' Association or the address given by the Owner to the Homeowners' Association for the purpose of notice. If no address appears on the Homeowners' Association books and no other has been given, notice shall be deemed to have been given if either (i) notice is sent to that Owner by first-class mail, or telegraph or other written communication to the Homeowners' Association's principal office, or (ii) notice is published at least once in a newspaper of general circulation in the County where that office is located. Notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by telegram or other means of written communication. At least ten (10) days' and not more than ninety (90) days' notice of any meeting shall be provided. The notice shall specify the place, day and hour of the meeting and, (i) in the case of a special meeting, the nature of the business to be undertaken, and no other business may in that case be transacted, or (ii) in the case of an annual meeting those matters which the Board, at the time of giving the notice, intends to present for action by the Owners.

An affidavit of the mailing or other means of giving notice of any members' meeting shall be executed by the Secretary or any other Board member and, if so executed, shall be filed and maintained in the minute book of the Homeowners' Association.

If action is proposed to be taken at any meeting for approval of any of the following proposals, the notice shall also state the general nature of the proposal. Owner action on such items is invalid unless the notice or written waiver of notice states the general nature of the proposal(s):

- (i) Removing a Board member without cause;

(ii) Filling vacancies on the Board of Directors by the Owners;

(iii) Amending the Articles of Incorporation;

(iv) Approving a contract or transaction in which a Board member has a material financial interest; and

(v) Approving a plan of distribution of assets, other than cash, in liquidation when the corporation has more than one Class of Memberships outstanding.

(c) There shall be a meeting of the Owners on the second Tuesday of March of each year at 8:00 p.m., upon the Common Area, Homeowners' Association Common Area or at such other reasonable place or time [not more than sixty (60) days before or after such date] as may be designated by the Board.

The first meeting of the Association, whether a Regular or Special Meeting, shall be held within forty-five (45) days after the close of escrow of the Unit representing the fifty-first (51st) percentile interest authorized in Increment I of the Project, but in no event shall said first meeting be held later than six (6) months after the close of escrow of the first Unit in Increment I of the Project.

(d) A special meeting of the members may be called at any time by any of the following: A majority of a quorum of the Board, by the Owners having five percent (5%) of the total voting power of the Homeowners' Association.

If a special meeting is called, the request shall be submitted by such members in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraph to the President, any Vice President, or the Secretary of the Homeowners' Association. The officer receiving the request shall cause notice to be promptly given to the members entitled to vote, in accordance with the provisions of Section (b) of this ARTICLE VII, that a meeting will be held and the date for such meeting, which date shall be not less than thirty-five (35) nor more than eighty (80) days following receipt of the request. If the notice is not given within twenty (20) days after receipt of the request, the persons requesting the meeting may give the notice. Nothing contained in this Section (d) shall be construed as limiting, fixing or affecting the time when a meeting of members may be held when the meeting is called by the Board.

(c) Voting of the members shall be as established in the Restrictions, to wit:

Any provision in the governing instruments calling for membership approval of action to be taken by the Homeowners' Association, except provisions with respect to the action referred to in Sections 2792.4 and 2792.24 of the Regulations of the California Real Estate Commissioner to enforce the obligations of the Declarant shall require the vote or written consent of the Owners as follows, unless a higher percentage is required by another section of these Restrictions for the action being undertaken:

(i) If two (2) Classes of Owners exist, the vote or written assent of not less than fifty-one percent (51%) of the voting power residing in each Class of Owners; and

(ii) If there has been a conversion of Class "B" to Class "A" shares, the vote or written assent of not less than fifty-one percent (51%) of the voting power residing in all Owners, including Declarant, and the vote or written assent of not less than fifty-one percent (51%) of the voting power residing in all Owners, excluding Declarant.

(f) If any duly noticed meeting of the Owners cannot be held because a quorum is not achieved, the Owners who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than five (5) days, or more than thirty (30) days, from the time the original meeting was called, but may not transact any other business. At such subsequent meeting one-third (1/3) of the voting power of each Class of members shall constitute a quorum; provided, however, that at least three (3) days' prior notice of the new meeting day must again be given all Owners, setting forth the lower quorum requirement. The presence at any adjourned meeting, when a quorum could not be obtained at the first meeting, of thirty-three and one-third percent (33 1/3%) of the Owners shall constitute a quorum at such meeting. If the time and place for the adjourned meeting is not fixed by those in attendance at the original meeting, or if 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 members in the manner prescribed for regular meetings.

(g) Any action which may be taken by the vote of members at a regular or special meeting, except the election of Board members where cumulative voting is a



requirement, may be taken without a meeting if the Homeowners' Association distributes a written ballot to every member entitled to vote on the matter. The ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Homeowners' Association.

Approval by written ballot pursuant to this subparagraph (g) shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

A written ballot may not be revoked.

Ballots shall be solicited in a manner provided in Section 7513 of the Corporations' Code of the State of California.

#### ARTICLE VIII

##### Assessments

The Assessments applicable to the Owners shall be specified in the Restrictions.

#### ARTICLE IX

##### Board of Directors

(a) Board Members. The Board shall consist of not less than three (3) and not more than seven (7) Owners. The initial Board shall consist of three (3) Owners until otherwise provided by resolution of the Board.

(b) Election. The Board shall be elected as provided in ARTICLE IV of the Restrictions, each member serving for a term of one (1) year or until his respective successors are elected or until his death, resignation or removal, provided, however, that if the Board passes a resolution for the election of five (5) Directors, at the first election meeting following said resolution, the Owners shall elect two (2) Directors for a term of two (2) years and three (3) Directors for a term of one (1) year; the two (2) nominees receiving the highest number of votes shall be deemed elected for the two (2) year term. At

each annual meeting thereafter, the Owners shall elect three (3) or two (2) Directors, depending on the number of terms expiring, for a term of two (2) years each or until their respective successors are elected, or until their death, resignation or removal.

If the Board passes a resolution for the election of seven (7) Directors, at the first election meeting following said resolution, the Owners shall elect three (3) Directors to serve until the next annual meeting and for a term of two (2) years thereafter, and four (4) Directors to serve until the next annual meeting and for a term of one (1) year thereafter; the three (3) nominees receiving the highest number of votes shall be deemed elected for the two (2) year term. At each annual meeting thereafter, the Owners shall elect four (4) or three (3) Directors, depending on the number of terms expiring, for a term of two (2) years each or until their death, resignation or removal, or until the successors of such Directors are elected.

Within forty-five (45) days of the Annexation of Increments II and III, a meeting of the Owners shall be held, and a new Board shall be elected as set forth herein; the terms of all previous Board Members shall terminate upon election of the successor Board, notwithstanding any other provision for a longer term. If any member ceases to be an Owner, his membership on the Board shall thereupon terminate.

(c) Resignation, Removal and Vacancy. Resignations, removals and vacancies on the Board shall be controlled as specified in ARTICLE IV of the Restrictions.

## ARTICLE X

### Proceedings of the Board

(a) Place of Meetings. All meetings of the Board shall be held at the Project or, if such is impossible due to an emergency, within the County of Contra Costa, State of California, designated at any time by resolution of the Board or by written consent of the members of the Board.

(b) Organization Meeting. The first meeting of the newly elected Board shall be held within ten (10) days of its election.

(c) Regular Meetings. Regular meetings of the Board may be held at such time as shall be determined from time

to time by a majority of the Board, provided that no less than ten (10) such regular meetings shall be held during the fiscal year. Notice of such regular meetings shall be given to each Board member, personally or by mail, telephone or telegraph, at least four (4) days prior to the date named for such meeting, unless the Board member has signed a waiver of notice or written consent to the holding of the meeting.

(d) Notice to Owners. Notice of the time and place of all regular and special meetings of the Board, excluding adjourned meetings, shall be posted at a prominent place or places within the Common Area, and shall be communicated to Board members not less than four (4) days prior to the date named for each such meeting, unless the time and place of meeting is fixed by the Bylaws. However, notice of a meeting need not be given to any Board member who has signed a waiver of notice or a written consent to holding of the meeting. Notice of the time and place of all adjourned meetings shall be posted, at a prominent place or places within the Common Area or Homeowners' Association Common Area, immediately following adjournment.

(e) Special Meetings and Notices Therefor. Special meetings of the Board may be called for any purpose and at any time by written notice signed by the President or by any two (2) Board members, other than the Chairman. Written notice of the time and place for such special meetings and the nature of the business to be considered thereat shall be delivered personally to each Board member or sent to each Board member by letter or by telegram, postage charges prepaid, addressed to him at his address as it is shown on the records of the Homeowners' Association. In case such notice is mailed or telegraphed, it shall be deposited in the United States mail or delivered to the telegraph company at or near the place in which the principal office of the Homeowners' Association is located, and posted in the manner prescribed in paragraph (d) above, at least seventy-two (72) hours prior to the scheduled time of the holding of such special meeting. In case such notice is personally delivered to any Board member as provided above, it shall be so delivered at least seventy-two (72) hours prior to the scheduled time of the holding of such special meeting. Any mailing, telegraphing or delivering as above provided shall be due, legal and personal notice to each such Board member. Notice of the meeting need not be given to any Board member who signed a waiver of notice or a written consent to holding of the meeting.

(f) Waiver of Notice by Board Members. In an

emergency situation, the transaction of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum is present and if, either before or after such meeting, each of the Board members not present executes a written waiver of notice or a consent to the holding of such meeting or an approval of the minutes thereof. The waiver of notice or consent need not specify either the business to be transacted or the purpose of the meeting, except that, if action is taken or proposed to be taken for approval of any of those matters specified in ARTICLE VII(b), the waiver of notice or consent shall state the general nature of the proposal. All such waivers, consents and approvals shall be filed with the records of the Homeowners' Association or made a part of the minutes of the meeting. Attendance by a Board member at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all of the Board members are present at any meeting of the Board, no notice to the Board members shall be required, and any business may be transacted at such meeting.

(g) Open Meetings. Regular and Special meetings of the Board shall be open to all Owners; provided, however, that only Board members may participate in any deliberation or discussion, unless the Owners are expressly authorized to so participate by the vote of a majority of a quorum of the Board.

(h) Executive Session. The Board may, with the approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Homeowners' Association is or may become involved and similar matters. The nature of business to be conducted in executive session shall be announced in the open meeting.

(i) Quorum. At all meetings of the Board, a majority of the Board members shall constitute a quorum for the transaction of business, and the acts of a majority of the Board present at a meeting at which a quorum is present shall constitute the acts of the Board, subject to the provisions of the California Nonprofit Corporation Law, especially those provisions relating to (i) approval of contracts or transactions in which a Board member has a direct or indirect material financial interest, (ii) appointment of Committees, and (iii) indemnification of Board members. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Board members, if any action taken is approved by at least a majority of the required quorum for

that meeting.

(j) Adjournment. A quorum of the Board members may adjourn any Board meeting to meet again at a stated day and hour. In the absence of a quorum, a majority of the Board members present may adjourn from time to time to meet again at a stated day and hour prior to such time as may be fixed for the next regular meeting of the Board. The motion for adjournment shall be recorded in the minute book, and notice of the time and place of the adjourned meeting need not be given unless the meeting is adjourned for more than twenty-four (24) hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the Board members who were not present at the time of adjournment.

(k) Action Without a Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting, if all of the members of the Board shall individually or collectively consent in writing to such action. Such written consent shall be filed with the minutes of the proceedings of the Board, and an explanation of the action taken shall be posted at a prominent place or places within the Common Area within three (3) days after the written consent of all of the Board members has been obtained. Such action by written consent shall have the same force and effect as a unanimous vote of such Board members. If all of the Board members do not consent, the action shall be null and void.

## ARTICLE XI

### Officers

(a) Enumeration. The officers of the Homeowners' Association shall be a President, a Vice President, a Secretary, a Treasurer and such other officers as are elected by the Board including, in its discretion, assistant officers. When the duties do not conflict, any two (2) offices, except those of President and either Secretary or Treasurer, may be held by the same person. The President, Vice President, Secretary and Treasurer must each be a Board member; other officers need not be Board members.

(b) Election and Tenure. Except with respect to (1) the officers elected by the initial Board, and (2) subordinate officers described in ARTICLE XI (c) hereof, the officers of the Homeowners' Association shall be elected annually by the Board at the annual organization meeting of the Board, provided that assistant and subordinate offices provided for herein may be filled at any meeting of the

Board. Each officer shall hold office until his successor shall have been elected and shall have been qualified. The creation of offices not provided for herein must have the prior approval of a majority of a quorum of both Classes of the Owners; the foregoing does not apply to the establishment of Committees of members.

(c) Subordinate Officers. The Board may, from time to time, appoint such other managers and administrators of the Homeowners' Association as are necessary, each of whom shall hold such office and shall have such authority and shall perform such duties as are set forth in the Restrictions and as the Board may from time to time determine.

(d) Removal and Resignation. Any officer elected or appointed by the Board may be removed by a majority of the Board whenever in their judgment the best interests of the Homeowners' Association would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed. Any officer may resign at any time by giving written notice to the Board or to the President or to the Secretary of the Homeowners' Association. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

(e) Vacancy. A vacancy in any office because of death, resignation, disqualification or otherwise may be filled by the Board for the unexpired term of the officer replaced. A vacancy in any office due to removal shall be filled pursuant to ARTICLE IV, Sections 6 and 7, of the Restrictions.

(f) President of the Board. The President of the Board shall, if present, preside at all meetings of the Owners and of the Board and exercise and perform such other powers and duties as may from time to time be assigned to him by the Board. He shall serve as Chairman of the Board and shall be the principal executive officer of the Homeowners' Association and shall, subject to control of the Board, supervise, direct and control all of the business and affairs of the Homeowners' Association and the officers thereof. He may sign, together with the Secretary or any other officer of the Homeowners' Association duly authorized by the Board, any deeds, mortgages, bonds, contracts, agreements or other instruments which the Board has authorized to be executed, except in such case where the signing and execution thereof shall be expressly

delegated by the Board or by these Bylaws, the Articles, the Restrictions or by statute to some other officer or agent of the Homeowners' Association, and shall have all the general powers and perform all the duties usually vested in the principal executive officer of an organization.

(g) Vice President. In the absence of the President or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting shall have all the powers and be subject to all the restrictions upon the President. The Vice President shall have such other powers and perform such other duties as from time to time may be assigned to him by the President or by the Board.

(h) Secretary. The Secretary shall keep the minutes of all meetings of the Owners and of all meetings of the Board in one or more books provided for that purpose. He shall cause all notices to be duly given to the Owners and to the members of the Board in accordance with the provisions of these Bylaws and the Restrictions or as otherwise required by law. He shall be the custodian of the Homeowners' Association records. He shall keep a register of the post office address of each Owner and the Homeowners' Association Board members and its officers and shall perform all duties incident to the office of Secretary and such other duties as may be required of him by the provisions of these Bylaws, the Articles, the Restrictions or as, from time to time, may be assigned to him by the President or by the Board, including but not limited to the filing, recordation and issuance of any notice, document, certificate or other instrument described in the Restrictions, the Articles or these Bylaws.

(i) Treasurer. As required by the Board, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board shall determine. The Treasurer shall have charge and custody and be responsible for all funds, securities and proceeds collected or owned or received by the Homeowners' Association. He shall receive and give receipts for monies due and payable to the Homeowners' Association from any source whatsoever and deposit all such monies in the name of the Homeowners' Association in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these Bylaws and the Restrictions. He shall keep and maintain the Assessment rolls and the accounts of the Owners, keep and maintain the books of the Homeowners' Association in accordance with generally accepted accounting principles and shall perform all other duties incident to the duties

of the office of Treasurer and such other duties as, from time to time, may be assigned to him by the President or by the Board.

(j) Assistant Treasurers and Assistant Secretaries. If required by the Board, any Assistant Treasurer shall give bonds for the faithful discharge of his duties in such sum and with such surety or sureties as the Board shall determine. Any Assistant Treasurer and Assistant Secretary, in general, shall perform such duties as shall be assigned to them by the Treasurer or Secretary or by the President or by the Board.

(k) Compensation. There shall be no compensation paid for serving as a Board member or officer, except that reasonable out-of-pocket expenses may be reimbursed. The compensation for all employees of the Homeowners' Association shall be fixed by the Board.

(l) Tribunal Committee. The Board may appoint a Tribunal Committee, consisting of three (3) Owners and may delegate to such Committee its power to call and conduct hearings and to impose Enforcement Assessments and other sanctions, including the fines and penalties referred to in ARTICLE XI, Section 19, of the Restrictions, pursuant to the Restrictions. If the Tribunal Committee imposes an Enforcement Assessment or any other sanction, fine or penalty, the assessed Owner shall have the right to notice and a hearing before the Board if said Owner appeals, by written request, to the Board within ten (10) days of the decision of the Tribunal Committee; the Board shall then hear the matter at its next regular or special meeting.

(m) Delegation to Manager. The Board by majority vote may delegate any of its duties, powers or functions, other than its duty to conduct hearings, as well as any of the duties, powers or functions of any of the officers of the Homeowners' Association, to any independent professional management person or firm to act as Manager, provided that any such delegation shall be revocable by the Board. The members of the Board shall not be liable in excess of any insurance coverage provided by the Homeowners' Association for any omission or improper exercise by the Manager of any such duty, power or function so delegated.

No management agreement with such Manager shall be for a period longer than one (1) year without the written approval of the Owners as set forth in ARTICLE VII, Section (e) hereof, and any such employment agreement shall be terminable for cause in not more than thirty (30) days, as determined by the Board.



Any management agreement for a Manager as herein provided shall specify the duties, powers and functions of the Board and officers which have been delegated to the Manager, the extent of such delegation and shall clearly establish the duties, powers, functions and compensation of the Manager. Such agreement shall also establish a reasonable procedure for reporting by the Manager to the Board, and shall specify which officer(s) or Director(s) have sole authority to direct the Manager in day-to-day operations and emergency situations, providing centralized direction and authority; all complaints by the Board, the officers and the Owners shall be communicated to the Manager through such designated officer(s) or Director(s). Prior to execution of any management agreement by any officer, the proposed agreement must be approved in a resolution passed by a majority of the Board.

(n) Other Committees. There may also be such other Committees as shall be determined necessary from time to time by the Board, consisting of those persons who may be selected therefor and invited to become members thereof by a majority of the Board, and having such powers and duties as may be delegated by the Board. Any such Committee shall exist for and the members thereof shall serve at the pleasure of the Board; except that no Committee, regardless of Board resolution, may:

(1) Take any final action on matters which, under the Nonprofit Corporation Law of California, the Restrictions or these Bylaws, also require approval of the Owners'/Members' of the corporation;

(ii) Fill vacancies on the Board or on any Committee;

(iii) Fix compensation of the Board members for serving on the Board or on any Committee;

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

(v) Amend or repeal any resolution of the Board members which by its express terms is not so amendable or repealable;

(vi) Appoint any other Committees of the Board or the members of these Committees; or

(vii) Approve any transaction (1) to which the Homeowners' Association is a party and one (1) or more Board members have a material financial interest; or (2) between the Homeowners' Association and one (1) or more of

the Board members or between the Homeowners' Association or any person in which one (1) or more of its Board members have a material financial interest.

Meetings and action of Committees shall be governed by, and held and taken in accordance with, the provisions of these Bylaws, concerning meetings of Board members, with such changes in the context of those Bylaws as are necessary to substitute the Committee and its members for the Board and its members, except that the time for regular meetings of Committees may be determined either by resolution of the Board or by resolution of the Committee. Special meetings of Committees may also be called by resolution of the Board. Minutes shall be kept of each meeting of any Committee and shall be filed with the corporate records. The Board may adopt rules for the government of any Committee not inconsistent with the provisions of these Bylaws.

## ARTICLE XII

### Books, Records and Funds

(a) Place of Keeping. The books, records and papers of the Homeowners' Association, including a list of the names and addresses of the members and their voting rights, shall be kept at the principal place of business of the Homeowners' Association, and shall at all times during reasonable business hours be subject to the inspection by any Owner or his representative. The Board shall establish reasonable rules with respect to notice of inspection required from an Owner, hours and days of the week inspection may be made and copying costs. All members of the Board shall have an absolute right to inspect and copy the books, records, etc., at any reasonable time. Any inspection under this paragraph may be made in person or by the member's agent or attorney.

(b) Annual Reports. The annual report of the Board shall be as set forth in the Restrictions.

(c) Fiscal Year. The fiscal year of the Board shall be a calendar year, unless otherwise determined by the Board by resolution.

(d) Assessment Rolls. Assessment rolls shall be maintained in a set of accounting books in which there shall be an account for each Condominium within the Project. Such account shall designate the Condominium number, its Owner, the amounts of any or all Assessments and delinquencies with respect to the said Owner and his

Condominium, the dates and amounts in which Assessments become due, the amounts paid upon accounts thereof and the balance due upon any Assessment. The Assessment Rolls shall be revised after Annexation as set forth in the Restrictions.

(e) Checks, Drafts, etc. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness issued in the name of or payable to the Homeowners' Association shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board.

(f) Contracts. The Board, except as otherwise provided in these Bylaws and the Restrictions, may authorize any officer, manager, agent or employee to enter into any contract or execute any instrument in the name of or on behalf of the Homeowners' Association, and such authority may be general or confined to specific instances. Unless so authorized by the Board, no officer, manager, agent or employee shall have any power or authority to bind the Homeowners' Association or Board by any contract, agreement or engagement or to pledge the credit of the Homeowners' Association or to render the Homeowners' Association liable for any purpose or to any amount.

(g) Deposits. Any funds of the Homeowners' Association shall be deposited from time to time to the credit of the Homeowners' Association in such banks, savings and loan associations or other depositories as the Board may select in accordance with the provisions of the Restrictions.

(h) Gifts. The Board may accept on behalf of the Homeowners' Association any contribution, gift, bequest or devise for any general or special purpose of the Homeowners' Association.

### ARTICLE XIII

#### Powers and Duties of the Board

(a) Powers. All of the powers of the Homeowners' Association shall be exercised by the Board as provided in the Restrictions and the Articles. The powers of the Board include those specifically stated in the Restrictions and Articles and all powers reasonably necessary to carry out the duties of the Board, as provided in the Restrictions and Articles. The Board shall have no power to do any act contrary to the requirements of the Restrictions, the Articles or these Bylaws.

(b) Duties. The duties of the Board shall be to manage and administer the affairs of the Project as provided in the Restrictions and Articles, to enforce the Restrictions, to adopt Association Rules pursuant thereto and to enforce them and impose and collect Enforcement Assessments for violations.

#### ARTICLE XIV

##### Rules, Regulations and Fines and Penalties

(a) Procedure for Adoption. The Board, as authorized in ARTICLE V of the Restrictions, may adopt Association Rules concerning the Common Area, the Homeowners' Association Common Area and Units. Any such Association Rules shall have prospective application only and shall not apply retroactively. No Association Rules shall be effective unless in writing. A copy of all Association Rules in effect shall be regularly posted in a conspicuous place on the Project. No Association Rules shall take effect sooner than ten (10) days from the date of adoption by the Board; provided that if the Board unanimously agrees that the rule or regulation is an urgency measure, and so states in the resolution adopting it, it may take effect on the date of adoption. No Association Rule shall subject an Owner to a fine or penalty unless a copy thereof has been regularly posted, as indicated above, or delivered to such Owner. A current copy of the Association Rules shall be supplied any Owner upon the Board's receipt of written request therefor. The Board shall annually send copies of all Association Rules to all Owners pursuant to Corporations Code Section 7341. The Owners may, at a special meeting called for that purpose by the vote or written consent of the Owners, as set forth in ARTICLE VII, Section (e) hereof, rescind and nullify any Association Rule adopted by the Board.

(b) Imposition of Fines and Penalties. No fine, penalty or other sanction shall be imposed by the Board or the Tribunal Committee for violation of the Restrictions, Articles, Bylaws or Association Rules unless the party to be fined or otherwise sanctioned has been noticed in accordance with ARTICLE XVI (e) herein at least ten (10) days' in advance of a hearing by the Board or the Tribunal Committee. Such notice shall be in writing and shall specify the time and place of the hearing and the matters to be discussed thereat. At such hearing, the person alleged to have violated the foregoing shall be permitted to present evidence in his own behalf and to call witnesses to controvert the allegations against him. Evidence of a violation of the Association Rule or of the Restrictions

shall be presented at such hearing by the complaining parties, and the Board or the Tribunal Committee shall determine whether or not a violation has occurred and, if so, what fine, penalty or other reasonable sanction should be imposed. The foregoing notice and hearing requirements shall also apply to Special Assessments.

Any suspension or termination proceedings shall comply with the minimum procedures set forth in Corporations Code Section 7341.

#### ARTICLE XV

#### Indemnification of Board Members, Officers, Employees and Other Agents

(a) Definitions. For the purpose of this ARTICLE:

(i) "Agent" means any person who is or was a Board member, officer, employee or other agent of the Homeowners' Association, or is or was serving at the request of the Homeowners' Association as a Board member, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a director, officer, employee, or agent of a foreign or domestic corporation that was a predecessor corporation of this corporation or of another enterprise at the request of the predecessor corporation;

(ii) "Proceeding" means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative or investigative; and

(iii) "Expenses", includes, without limitation, all attorneys' fees, costs and any other expenses incurred in the defense of any claims or proceedings against an agent by reason of his position or relationship as agent and all attorneys' fees, costs and other expenses incurred in establishing a right to indemnification under this ARTICLE.

(b) Successful Defense by Agent. To the extent that an agent of the Homeowners' Association has been successful on the merits in the defense of any proceeding referred to in this ARTICLE or in the defense of any claim, issue or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection with the claim. If an agent either settles any such claim or sustains a judgment rendered against him, then the provisions of these Sections (c) through (e) shall determine whether the agent is entitled to indemnification.

(c) Actions Brought by Persons Other Than Agents. Subject to the required findings to be made pursuant to Section (e) below, the Homeowners' Association shall indemnify any person who was or is a party or is threatened to be made a party to any proceeding other than an action brought by or on behalf of the Homeowners' Association or by an officer, Board member or person granted related status by the Attorney General or by the Attorney General on the ground that the defendant Board member was or is engaging in self-dealing within the meaning of California Corporations Code Section 5233 or by the Attorney General or a person granted related status by the Attorney General for any breach of duty relating to assets held in charitable trust, by reason of the fact that such person is or was an agent of the Homeowners' Association, for all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with the proceeding.

(d) Action Brought by or on Behalf of the Homeowners' Association. If any agent settles or otherwise disposes of a threatened or pending action brought by or on behalf of the Homeowners' Association, with or without court approval, the agent shall receive no indemnification for either amounts paid pursuant to the terms of the settlement or other disposition or for any expenses incurred in defending against the proceeding.

The Homeowners' Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action brought by or on behalf of the Homeowners' Association by reason of the fact that the person is or was an agent of the Homeowners' Association, for all expenses actually and reasonably incurred in connection with the defense of that action, provided that both of the following are met:

(i) The determination of good faith conduct required by Section (e) below must be made in the manner provided for in that Section; and

(ii) Upon application, the court in which the action was brought must determine that, in view of all of the circumstances of the case, the agent should be entitled to indemnity for the expenses incurred. If the agent is found to be so entitled, the court shall determine the appropriate amount of expenses to be reimbursed.

(e) Determination of Agent's Good Faith Conduct. The indemnification granted to an agent in Sections (c) and (d) above is conditioned on the following:

(i) The agent seeking reimbursement must be found, in the manner provided below, that he acted in good faith, in a manner he believed to be in the best interest of the Homeowners' Association, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use in similar circumstances. The termination of any proceeding by judgment, order, settlement, conviction or on a plea of no lo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith or in a manner which he reasonably believed to be in the best interest of the Homeowners' Association or that he had reasonable cause to believe that his conduct was unlawful. In the case of a criminal proceeding, the person must have had no reasonable cause to believe that his conduct was unlawful.

(ii) The determination that the agent did act in a manner complying with Section (i) above shall be made by:

(1) The Board by a majority vote of a quorum of the Board members who are not parties to the proceeding;

(2) The affirmative vote or written consent of a majority of the votes of the members represented and voting at a duly held meeting at which a quorum is present (which affirmative votes also constitute a majority of the required quorum); or

(3) The court in which the proceeding is or was pending. Such determination may be made on application brought by the Homeowners' Association or the agent or the attorney or other person rendering a defense to the agent, whether or not the application by the agent, attorney or other person is opposed by the Homeowners' Association.

(f) Limitations. No indemnification or advance shall be made under this ARTICLE, except as provided in Sections (b) or (e)(ii)(3) in any circumstance when it appears:

(i) That the indemnification or advance would be inconsistent with a provision of the Articles, the Restrictions, a resolution of the members or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(ii) That the indemnification would be inconsistent with any condition expressly imposed by a court in approving

a settlement.

(g) Advance of Expenses. Expenses incurred in defending any proceeding may be advanced by the Homeowners' Association before the final disposition of the proceeding on receipt of an undertaking by or on behalf of the agent to repay the amount of the advance unless it is determined ultimately that the agent is entitled to be indemnified as authorized in this ARTICLE.

(h) Contractual Rights of Nonmembers and Nonofficers. Nothing contained in this ARTICLE shall affect any right to indemnification to which persons other than Board members and officers of the Homeowners' Association, or any subsidiary hereof, may be entitled by contract or otherwise.

(i) Insurance. The Board may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the Homeowners' Association against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the Board would have the power to indemnify the agent against that liability under the provisions of this ARTICLE.

## ARTICLE XVI

### Miscellaneous

(a) Conflicts. If there are any conflicts or inconsistencies between the provisions of the Restrictions and the Articles, these Bylaws or the Association Rules adopted by the Board, the terms and provisions of the Restrictions shall prevail. If there are any conflicts or inconsistencies between the terms and provisions of the Articles and the Bylaws or Association Rules, the terms and provisions of the Articles shall prevail. If there are any conflicts or inconsistencies between the provisions of the Bylaws and the Association Rules, the terms and provisions of the Bylaws shall prevail.

(b) Amendment, etc. These Bylaws may be amended, changed, altered, added to, abandoned, terminated, replaced, reduced and/or repealed by the vote of a majority of each Class of Members at a meeting duly held for such purpose, provided that wherever a paragraph hereof specifies a higher percentage vote to take action under that paragraph, that paragraph may not be amended, changed, altered, added to, abandoned, terminated, replaced, reduced and/or repealed with less than the percentage of votes required



to take action under such paragraph.

If the two-Class voting structure is no longer in effect because of the conversion of Class "B" to Class "A", these Bylaws may be amended, changed, altered, added to, abandoned, terminated, replaced, reduced and/or repealed by the vote or written consent of Owners representing a majority of the total voting power of the Homeowners' Association, including a majority of the votes of Owners other than Declarant; provided that wherever a paragraph hereof specifies a higher percentage vote to take action under that paragraph, that paragraph may not be amended, changed, altered, added to, abandoned, terminated, reduced and/or repealed with less than the percentage of votes required to take action under such paragraph, including such percentage of the votes of Owners other than Declarant.

(c) Inspection of Bylaws. The Board shall keep in its principal office a true and correct copy of these Bylaws as the same may, from time to time, become amended, changed, altered, added to, abandoned, terminated, replaced, reduced and/or repealed, which shall be open to inspection by the Owners at all reasonable times during office hours.

(d) Parliamentary Rules. Robert's Rules of Order (latest edition) shall govern the conduct of the Homeowners' Association and Board meetings when not in conflict with the Restrictions, the Articles or these Bylaws or with the statutes of the State of California.

(e) Notice and Waiver of Notice. Whenever any notice is required by these Bylaws to be given, personal notice is not meant unless it is expressly so stated, and any notice so required shall be deemed to be sufficient if given by depositing the same in a post office box in a sealed and post-paid wrapper, first-class or registered postage, addressed to the person entitled thereto, and such notice shall be deemed to have been given forty-eight (48) hours after such mailing. Any notice required by these Bylaws to be given may be waived by the person entitled thereto.

(f) Gender. As used herein, masculine pronouns shall include feminine pronouns where appropriate and the singular shall include the plural where appropriate.

(g) Corporate Seal. The Homeowners' Association shall have a corporate seal, circular in form, having in its circumference the words:

TAXCO CONDOMINIUMS HOMEOWNERS' ASSOCIATION  
Incorporated \_\_\_\_\_, 19\_\_.  
California

CERTIFICATION

I hereby certify that I am the duly elected and acting Secretary of TAXCO CONDOMINIUMS HOMEOWNERS' ASSOCIATION, a California nonprofit mutual benefit corporation, and that the foregoing Bylaws constitute the original Bylaws of the Homeowners' Association, duly adopted at a meeting of the Board thereof held on the 8TH day of MAY, 1981, and that they do now constitute the Bylaws of said Homeowners' Association.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 8TH day of MAY, 1981.

Samuel P. Young  
Secretary

ATTEST:

[Signature]  
President