

amounts paid and expenses incurred in settling any such action or threatened action. The provisions of this Article X shall apply to the estate, executor, administrator, heirs, legatees, or devisees of a Director, officer, committee member, or employee, and the term "person" where used in this Article X shall include the estate, executor, administrator, heirs, legatees, or devisees of such person.

ARTICLE XI

MISCELLANEOUS

Section 1. Checks, Drafts and Documents. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such person or persons, and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

Section 2. Execution of Documents. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent, or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

Section 3. Inspection of By-Laws. The Association shall keep in its office for the transaction of business the original or a copy of these By-Laws as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the Members and all first Mortgagees in accordance with Article IV, Section 6 hereof.

Section 4. Fiscal Year. The fiscal year of the Association shall be determined by the Board of Directors, and having been so determined, is subject to change from time to time as the Board of Directors shall determine.

Section 5. Membership Book. The Association shall keep and maintain in its office for the transaction of business a book containing the name and address of each Member. Termination or transfer of membership shall be recorded in the book, together with the date on which membership ceased or was transferred, in accordance with the provisions of the Declaration.

ARTICLE XII

NOTICE AND HEARING

Section 1. Suspension of Privileges. In the event of an alleged violation of the Declaration, these By-Laws or the Windwood Rules and Regulations, and after written notice of such alleged failure is given to the Member or to anyone in his family, or to any tenant of any Member, or to anyone in any tenant's family ("respondent") alleged to be in default in the manner herein

provided, the Board of Directors shall have the right, after affording the respondent an opportunity for an appropriate hearing as hereinafter provided; and upon an affirmative vote of a majority of all Directors on the Board, to take any one or more of the following actions: (1) levy a Special Assessment as provided in the Declaration, (2) suspend or condition the right of said respondent to use of the recreational facilities operated or maintained by the Association, or (3) suspend said Member's voting privileges as a Member, as further provided in the Declaration. Any such suspension shall be for a period of not more than thirty (30) days for any noncontinuing infraction, but in the case of a continuing infraction (including nonpayment of any assessment after the same becomes delinquent) may be imposed for so long as the violation continues. The failure of the Board or the Architectural Committee to enforce the Windwood Rules and Regulations these By-Laws or the Declaration shall not constitute a waiver of the right to enforce the same thereafter. The remedies set forth above and otherwise provided by these By-Laws or by law shall be cumulative and none shall be exclusive. However, any individual Member must exhaust all available internal remedies of the Association prescribed by these By-Laws, or by the Windwood Rules and Regulations, before that Member may resort to a court of law for relief with respect to any alleged violation of the Declaration, these By-Laws or the Windwood Rules and Regulations by another Member, provided that the foregoing limitation pertaining to exhausting administrative remedies shall not apply to the Board, or to any Member where the complaint alleges nonpayment of Annual Assessments, Capital Improvement Assessments or Reconstruction Assessments.

Section 2. Written Complaint. A hearing to determine whether a right or privilege of the respondent under the Declaration or these By-Laws should be suspended or conditioned, shall be initiated by the filing of a written Complaint by any Member or by any officer or member of the Board of Directors or the Architectural Committee with the President of the Association or other presiding member of the Board. The Complaint shall constitute a written statement of charges which shall set forth in ordinary and concise language the acts or omissions with which the respondent is charged, to the end that the respondent will be able to prepare his defense. The Complaint shall specify the specific provisions of the Declaration, these By-Laws or the Windwood Rules and Regulations which the respondent is alleged to have violated, but shall not consist merely of charges phrased in the language of such provisions without supporting facts.

Section 3. Service of Complaint. Upon the filing of the Complaint, the President shall serve a copy thereof on the respondent by any of the following means: Service shall be (1) given personally, (2) sent by registered or certified mail, return receipt requested, and addressed to the Condominium of the respondent, or (3) posted on the respondent's Condominium and in the office of the Association. Service by mailing or posting shall be deemed delivered and effective two (2) days after such posting and mailing in a regular depository of the United States mail. The Complaint shall be accompanied with a postcard or other written form entitled "Notice of Defense" which, when signed by the respondent, or on behalf of respondent will constitute a notice of defense hereunder. The copy of the Complaint shall be accompanied by: (1) a Statement

that the respondent may request a hearing before a Tribunal, in a form substantially as provided in Article XII, Section 4, and (2) a copy of Article XII of these By-Laws. No order adversely affecting the rights of the respondent shall be made in any case, unless the respondent shall have been served as provided herein.

Section 4. Statement to Respondent. The Statement accompanying the Complaint to the respondent shall be substantially in the following form:

"Unless a written request for a hearing signed by or on behalf of the person named as respondent in the accompanying Complaint is delivered or mailed to the Board of Directors within fifteen (15) days after the Complaint was served upon you, the Board of Directors may proceed upon the Complaint without a hearing, and you will have thus waived your right to a hearing. The request for a hearing may be made by delivering or mailing the enclosed form entitled 'Notice of Defense' to the Board of Directors at the following address:

You may, but need not, be represented by counsel at any or all stages of these proceedings. If you desire the names and addresses of witnesses or an opportunity to inspect any relevant writings or items on file in connection with this matter in the possession, custody or control of the Board of Directors, you may contact

Section 5. Notice of Defense. The Notice of Defense shall state the respondent may:

- (a) Request a hearing;
- (b) Object to a Complaint upon the grounds that it does not state acts or omissions upon which the Board of Directors may proceed;
- (c) Object to the form of the Complaint on the grounds that it is so indefinite or uncertain that the respondent cannot identify the violating behavior or prepare his defense; or
- (d) Admit to the Complaint in whole or in part.

The respondent shall be entitled to a hearing on the merits of the matter if the Notice of Defense is timely filed with the Board of Directors. The respondent may file a separate statement by way of mitigation, even if he does not file a Notice of Defense. Any objections to the form or substance of the Complaint shall be considered by the Tribunal within ten (10) days of their receipt. The Tribunal shall make its determination and notify all parties within said ten (10) day period. If the Complaint is insufficient, the complaining party shall have seven (7) days within which to amend

the Complaint to make it sufficient. The same procedure as set forth above shall be followed with respect to any Amended or Supplemental Complaint. If it is determined by the Tribunal that the Complaint is still insufficient, then the matter shall be dismissed by the Tribunal.

Section 6. Amended or Supplemental Complaint before Submission to Tribunal. At any time before the matter is submitted to the Tribunal for its findings of fact and recommendations, the Board may file or permit the filings of an Amended or Supplemental Complaint. All parties shall be notified thereof in the manner herein provided. If the Amended or Supplemental Complaint presents new charges, the Board of Directors shall afford the respondent a reasonable opportunity to prepare his defense thereto. All new charges shall be deemed controverted, and any objections to the Amended or Supplemental Complaint may be made orally and shall be noted in the record of proceedings.

Section 7. Discovery. After initiation of a proceeding in which the respondent is entitled to a hearing on the merits, the respondent or the individual filing the Complaint or Supplemental Complaint, upon written request made to the other party, prior to the hearing and within fifteen (15) days after service by the Board of Directors of the Complaint or within ten (10) days after service of any Amended or Supplemental Complaint, is entitled to (1) obtain the names and addresses of witnesses to the extent known to the other party and (2) inspect and make a copy of any statements, writings and investigative reports, relevant to the subject matter of the hearing. Nothing in this Section, however, shall authorize the inspection or copying of any writing or thing which is privileged from disclosure by law or otherwise made confidential or protected as the attorney's work product. Any party claiming his request for discovery has not been complied with shall submit a petition to compel discovery with the Tribunal appointed by the President. The Tribunal shall make a determination and issue a written order setting forth the matters or parts thereof which the petitioner is entitled to discover.

Section 8. Tribunal. The President shall appoint a Tribunal Committee ("Tribunal") of three (3) persons upon receipt of a written Complaint as provided in Section 2 of this Article. No member of the Tribunal shall be a Director of the Association, nor shall any member of the Tribunal be involved in any prior investigation of the matter on behalf of the Board nor related by blood or marriage to either the complaining party or the respondent. In appointing the members of the Tribunal, the President should make a good faith effort to avoid appointing next-door neighbors of the respondent or any members of the Association who are witnesses to the alleged violation giving rise to the Complaint. The decision of the President shall be final, except that the respondent may challenge any member of the Tribunal for cause, where a fair and impartial hearing cannot be afforded, at any time prior to the taking of evidence at the hearing. In the event of such a challenge, the Board of Directors shall meet to determine the sufficiency of the challenge, without the President voting. If such challenge is sustained, the President shall appoint another Member of the Association to replace the challenged member of the Tribunal. All decisions of the Board of Directors in this regard shall be final.

The Tribunal shall elect a Chairman, appoint a hearing officer who shall be legally trained, and a Recorder to present evidence and to ensure that a proper record of all proceedings is maintained by a qualified reporter. The Chairman shall preside at the hearing, but the hearing officer shall rule on the admission and exclusion of evidence and advise the Tribunal on matters of law. The Tribunal shall exercise all other powers relating to the conduct of the hearing.

Section 9. Notice of Hearing. The Tribunal shall serve a notice of hearing, as provided herein, on all parties at least ten (10) days prior to the hearing, if such hearing is requested by the respondent. The hearing shall be held no sooner than thirty (30) days after the service of the Complaint as provided in Section 3 of this Article XIII. The notice to the respondent shall be substantially in the following form but may include other information:

"You are hereby notified that a hearing will be held before a Tribunal appointed by the President of the Association at _____

on the _____ day of _____, 19____, at the hour of _____, upon the charges made in the Complaint served upon you. You may be present at the hearing, may but need not be represented by counsel, may present any relevant evidence, and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to compel the attendance of witnesses and the production of books, documents or other items by applying to the Board of Directors of the Association."

Section 10. Depositions and Written Interrogatories. On verified petition of any party, the Board of Directors, upon recommendation by the Tribunal, may order that the testimony of any material witness residing within the Project be taken by deposition in the manner prescribed by law for depositions and written interrogatories in civil actions. The petition shall set forth the nature of the pending proceeding, the name and address of the witness whose testimony is desired, a showing of the materiality of his testimony, a showing that the witness will be unable to attend the hearing, and shall request an order requiring the witness to appear and testify before the Secretary of the Association.

Section 11. Affidavits.

(a) At any time ten (10) or more days prior to a hearing or a continued hearing, any party may mail or deliver to the opposing party a copy of any affidavit which he proposes to introduce in evidence, together with a notice as provided in subdivision (b). Unless the opposing party, within seven (7) days after such mailing or delivery, mails or delivers to the proponent a request to cross-examine an affiant, his right to cross-examine such affiant is waived and the affidavit if introduced in evidence shall be given the same effect

as if the affiant had testified orally. If an opportunity to cross-examine an affiant is not afforded after request therefor is made as herein provided, the affidavit may be introduced in evidence, but shall be given only the same effect as other hearsay evidence.

(b) The notice referred to in subdivision (a) shall be substantially in the following form:

"The accompanying affidavit of _____ will be introduced as evidence at the hearing in the matter of _____ before a Tribunal of the Windwood Forest Homeowners Association. _____ will not be called to testify orally and you will not be entitled to question him unless you notify _____ at _____ that you wish to cross-examine him. To be effective, your request must be mailed or delivered to _____ on or before _____, 19__."

Section 12. Hearing.

(a) Whenever the Tribunal has commenced to hear the matter and a member of the Tribunal is forced to withdraw prior to a final determination by the Tribunal, the remaining members shall continue to hear the case and the hearing officer shall replace the withdrawing member. Oral evidence shall be taken only on oath or affirmation administered by an officer of the Association. The use of affidavits and written interrogatories in lieu of oral testimony shall be encouraged by the Tribunal.

(b) Each party shall have these rights: to call and examine witnesses; to introduce exhibits; to cross-examine witnesses on any matter relevant to the issues even though that matter was not covered in the direct examination; to impeach any witness regardless of which party first called him to testify; and to rebut the evidence against him. If respondent does not testify in his own behalf he may be called and examined as if under cross-examination.

(c) The hearing need not be conducted according to technical rules relating to evidence and witnesses. Any relevant evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil actions. Hearsay evidence may be used for the purpose of supplementing or explaining other evidence

but shall not be sufficient in itself to support a finding, unless it would be admissible over objection in civil actions. The rules of privilege shall be effective to the extent that they are otherwise required by statute to be recognized at the hearing, and irrelevant and unduly repetitious evidence shall be excluded.

(d) Neither the accusing Member nor the allegedly defaulting Member must be in attendance at the hearing. The hearing shall be open to attendance by all Members of the Association, to the extent of the permissible capacity of the hearing room. In rendering a decision, official notice may be taken at any time of any generally accepted matter within the Declaration, these By-Laws, the Windwood Rules and Regulations, or the workings of the Association. Parties present at the hearing shall be informed of the matters to be noticed by the Tribunal, and these matters shall be made a part of the record of proceedings. The Tribunal may grant continuances on a showing of good cause.

Section 13. Decision. The hearing officer who was in attendance at the hearing, if any, shall assist and advise the Tribunal in making its decision. If the respondent fails to file a Notice of Defense as provided in Section 5 of this Article XII, or fails to appear at a hearing, the Tribunal may take action based on the evidence presented to it without notice to the respondent. However, the respondent may make any showing by way of mitigation. The Tribunal will prepare written findings of fact and recommendations for consideration by the Board of Directors. The Tribunal shall make its determination only in accordance with these By-Laws. After all testimony and documentary evidence has been presented to the Tribunal, the Tribunal Committee shall vote by secret written ballot upon the matter, with a majority of the entire Tribunal controlling. A copy of the findings and recommendations of the Tribunal shall be posted by the Board of Directors at a conspicuous place on the Association Properties or the Common Areas of the Project, and a copy shall be served by the President on each party in the matter and his attorney, if any. Disciplinary action and levy of a Special Assessment under the Declaration, these By-Laws or Windwood Rules and Regulations shall be imposed only by the Board of Directors, and in accordance with the findings and recommendations of the Tribunal. The Board of Directors may adopt the recommendations of the Tribunal in their entirety, or the Board may reduce the proposed penalty and adopt the balance of the recommendations. In no event shall the Board of Directors impose more stringent disciplinary action than recommended by the Tribunal. The decision of the Board shall be in writing and shall be served and posted in the same manner as the findings and recommendations of the Tribunal. The decision of the Board shall become effective ten (10) days after it is served upon the respondent, unless otherwise ordered in writing by the Board of Directors. The Board may order a reconsideration at any time within fifteen (15) days following service of its decision on the parties, on its own motion or on petition by any party.

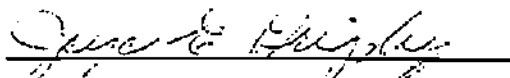
CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that:

1. I am the duly elected and acting Secretary of WINDWOOD FOREST HOMEOWNERS ASSOCIATION, a California nonprofit corporation ("Association"); and

2. The foregoing By-Laws comprising 24 pages including this page constitute the By-Laws of the Association duly adopted at the meeting of the Board of Directors of the Association held on JULY 15, 1977, 1977.

IN WITNESS WHEREOF, I have hereunto subscribed my hand and affixed the seal of the Association this ____ day of _____, 1977.



Secretary

(SEAL)