

to one (1) vote for each Condominium which is subject to assessment, as further provided in the Declaration.

Class B. The Class B Member shall be Grantor. The Class B Member shall be entitled to three (3) votes for each Condominium owned by Grantor, provided that the Class B Membership shall cease and be converted to Class A Membership on the happening of either of the following events, whichever occurs earliest:

(1) When the total votes outstanding in the Class A Membership, inclusive of votes attributable to Condominiums which may be annexed to the Project in the manner provided in the Declaration, equal the total votes outstanding in the Class B Membership; or

(2) The second anniversary of the original issuance of the Final Subdivision Public Report for the Project, as issued by the California Department of Real Estate.

Section 2. Majority of Quorum. Unless otherwise expressly provided in these By-Laws or the Declaration, any action which may be taken by the Association may be taken by a majority of a quorum of the Members of the Association.

Section 3. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of at least fifty-one percent (51%) of the voting power of the Membership of the Association shall constitute a quorum of the Membership. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

Section 4. Proxies. Votes may be cast in person or by proxy. Proxies must be in writing and filed with the Secretary at least twenty-four (24) hours before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease after completion of the meeting for which the proxy was filed.

ARTICLE III

ADMINISTRATION

Section 1. Association Responsibilities. In accordance with the provisions of the Declaration, the Association shall have the responsibility of administering the Project and the Association Properties, approving the annual budget, establishing and collecting all assessments applicable to the Project and the Association Properties, and arranging for overall architectural control of the Project.

Section 2. Place of Meetings of Members. Meetings of the Members shall be held on the Project, or such other suitable place as proximate thereto as practicable, in Orange County, convenient to the Unit Owners, as may be designated by the Board of Directors.

Section 3. Annual Meetings of Members. The first annual meeting of Members shall be held within forty-five (45) days after the Close of Escrow for the sale of all of the Condominiums in the Project, whichever occurs first. Thereafter, the annual meetings of the Members shall be held on or about the anniversary date of the first annual meeting. At each annual meeting there shall be elected by ballot of the Members a Board of Directors, in accordance with the requirements of Section 5 of Article IV of these By-Laws. The Members may also transact such other business of the Association as may properly come before them. Each first Mortgagee of a Condominium in the Project may designate a representative to attend all annual meetings of the Members.

Section 4. Special Meetings of Members. It shall be the duty of the President to call a special meeting of the Members, as directed by resolution of a majority of a quorum of the Board of Directors, or upon receipt by the Secretary of a petition signed by Members representing at least twenty-five percent (25%) of the total voting power of the Association or by at least fifteen percent (15%) of the Class A Members. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice, unless by consent of those Members holding at least fifty-one percent (51%) of the voting power of the Association, either in person or by proxy. Each first Mortgagee of a Condominium in the Project may designate a representative to attend all special meetings of the Members.

Section 5. Notice of Meetings of Members. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, at least ten (10) but not more than thirty (30) days prior to such meeting, stating the purpose thereof as well as the day, hour and place where it is to be held, to each Member of record, and to each first Mortgagee of a Condominium, which Mortgagee has filed a written request for notice with the Secretary. The notice may set forth time limits for speakers and nominating procedures for the meeting. The mailing of a notice, postage prepaid, in the manner provided in this Section, shall be considered notice served, forty-eight (48) hours after said notice has been deposited in a regular depository of the United States mail. Such notice shall be posted in a conspicuous place on the Common Areas of the Project, and such notice shall be deemed served upon a Member upon posting if no address has been furnished the Secretary. The Board of Directors may fix a date in the future as a record date for the determination of the Members entitled to notice of and to vote at any meeting of Members. The record date so fixed shall not be more than thirty (30) days prior to the date of the meeting. When a record date is so fixed, only Members of record on that date shall be entitled to notice of and to vote at the meeting, notwithstanding any transfer of or issuance of Membership certificates on the books of the Association after the record date.

Section 6. Adjourned Meetings. If any meeting of Members cannot be organized because a quorum is not present, the Members who are present, either in person or by proxy, may adjourn the

meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be the presence in person or by proxy of the Members holding at least twenty-five percent (25%) of the voting power of the Association. Such adjourned meetings may be held without notice thereof as provided in this Article III, provided that notice is given by announcement at the meeting at which such adjournment is taken. If a meeting is adjourned for more than thirty (30) days, notice of the adjourned meeting shall be given in the manner provided in Section 5 of this Article III.

Section 7. Order of Business. The order of business at all meetings of the Members shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of Minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) election of inspector of elections (at annual meetings or special meetings held for such purpose); (g) election of directors (at annual meetings or special meetings held for such purpose); (h) unfinished business; and (i) new business. Meetings of Members shall be conducted by the officers of the Association, in order of their priority.

Section 8. Action Without Meeting. Any action, which under the provisions of the California Corporations Code may be taken at a meeting of the Members, may be taken without a meeting if authorized by a writing signed by all of the Members who would be entitled to vote at a meeting for such purpose, and filed with the Secretary.

Section 9. Consent of Absentees. The transactions of any meeting of Members, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the Members not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the Minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the Minutes of the Meeting.

Section 10. Minutes, Presumption of Notice. Minutes or a similar record of the proceedings of meetings of Members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the Minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number and Qualification. The affairs of the Association shall be governed and managed by a Board of Directors composed of five (5) Persons, each of whom, except for those appointed and serving as first Directors, must either be a resident Unit Owner or an agent of Grantor for so long as Grantor owns a Condominium in the Project. The Board of Directors may increase, by