

BY-LAWS
OF
BAYSHORE SKI & RACQUET CLUB HOMEOWNERS ASSOCIATION, INC.
A California Nonprofit Mutual Benefit Corporation

ARTICLE I

Location

BAYSHORE SKI & RACQUET CLUB HOMEOWNERS ASSOCIATION, INC., a California nonprofit mutual benefit corporation (hereinafter referred to as "Association") shall have its principal office at 309 18th Street, in the City of Santa Monica, County of Los Angeles, State of California or at such other office within said County as the Board of Directors of the Association may determine or as the affairs of the Association may require from time to time.

ARTICLE II

Purpose

The purposes of the Association shall be those set forth in its Articles of Incorporation and to carry out, exercise, discharge, operate, manage and enforce for the mutual benefit of the Association and all of its Members (i) the provisions of the Declaration of the Covenants, Conditions and Restrictions for Bayshore Ski & Racquet Club, a Condominium Project (hereinafter referred to as the "Declaration") recorded in the office of the County Recorder of San Bernardino County, State of California, as the same may, from time to time, be amended and (ii) the provisions of these By-Laws, as the same may, from time to time, be amended.

ARTICLE III

Definitions

Unless separately defined herein or the context otherwise requires, the names, words and phrases used herein shall have the same meaning as set forth in the Declaration, and the definitions therein contained are hereby incorporated herein by this reference.

ARTICLE IV

Applicability

The provisions of these By-Laws 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, agents, servants, employees, licensees or 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 use of any Condominium in the Project shall constitute (i) an acceptance and ratification of these By-Laws and the Declaration and (ii) an agreement to be bound by and comply with the provisions of these By-Laws and the Declaration as either or both may, from time to time, be amended.

ARTICLE V

Members of Association

5.01 Membership.

Every person, firm, partnership, corporation, association or other entity who or which is or shall at any time become the Owner of a Condominium within the Project (including Declarant with respect to any retained or unsold Condominium) shall automatically, upon becoming such Owner of a Condominium, become a Member of the Association and shall remain a Member thereof until he shall cease to be an Owner. 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. Each Member of the Association shall be, except as otherwise provided in the Declaration and these By-Laws, subject to and shall comply with each and all of the provisions of the Articles of Incorporation of the Association, these By-Laws and the Declaration as the same or any or all of them may, from time to time, be amended. Declarant shall be deemed the Owner of all Condominiums retained or unsold by Declarant.

5.02 Membership is Appurtenant to Condominium.

The membership of each Owner in the 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.

5.03 Transfer.

An Owner shall not transfer, pledge or alienate in any way his membership in the Association, except upon the sale of the

Condominium to which it is appurtenant, and then only to the purchaser of such Condominium. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association. In the event an Owner should fail or refuse to transfer the membership registered in his name to the purchaser of the Condominium to which it is appurtenant, the Association shall have the right to record the transfer upon the books of the Association and all incidents of membership in the Association shall accrue to the new Owner and shall cease in the selling Owner.

ARTICLE VI

Meetings and Voting

6.01 Place of Meetings.

Meetings of the Association shall be held at a suitable location on the Property, or such other suitable place convenient to the Members as may be designated by the Board of Directors; provided, however, that all meetings shall be held in the City of Big Bear Lake, County of San Bernardino, State of California.

6.02 Meetings.

The first annual meeting of the Association shall be held within forty-five (45) days after the close of the sales escrow of the first thirty-one (31) units in the Project authorized for sale under the first Subdivision Public Report for the Project, but in no event shall the meeting be held later than six (6) months after the close of the sales escrow of the first unit in the Project, at which time a Board of Directors shall be elected by secret written ballot of the Association members. Thereafter, the Association shall hold an annual meeting of the Association at 8:00 p.m. on the next succeeding first (1st) day of March for the purpose of electing a Board of Directors and of transacting such other business of the Association as may properly come before the Association; provided, however, that if such day be a legal holiday, said meeting shall be held at the same hour on the next succeeding business day. Written notices stating the place, day and hour of said annual meeting of the Association shall be delivered personally or by mail to each Member of the Association not less than ten (10) nor more than ninety (90) days before said annual meeting.

Special meetings of the Association shall be set for no less than ten (10) days nor more than ninety (90) days following the occurrence of either (i) the vote for such a meeting by a majority of a quorum of the Board of Directors or (ii) receipt of a written request therefor signed by Members representing five percent (5%) or more of the total voting power of the Association.

6.03 Notice of Meetings.

Written or printed notices stating the place, day and hour of any meeting of the Members of the Association shall be delivered personally or by mail to each Member of the Association not less than ten (10) days before any annual or special meeting and not more than ninety (90) days before any annual or special meeting. Any such notice of a special meeting shall also specify the nature of the business to be undertaken.

6.04 Voting Rights.

The Association shall have two classes of voting membership:

Class A. Class A members shall be all unit owners with the exception of Declarant. Class A members shall be entitled to one vote for each condominium owned by them. When more than one such person holds such interest in any condominium, all such persons shall be members. The vote for such unit shall be exercised as they, among themselves determine, but in no event shall more than one vote be cast with respect to any such condominium.

Class B. The Class B member shall be Declarant. The Class B member shall be entitled to three (3) votes for each condominium owned by it, provided that the Class B membership shall cease and be converted to Class A membership on the happening of the following events, whichever occurs earlier:

A. When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

B. Two (2) years from the date of the original issuance of the Final Subdivision Public Report issued by The Department of Real Estate for the Project.

The voting rights of all classes of membership shall be subject to the restrictions and limitations provided in the Declaration and in the Articles and in the By-Laws. Where the Declaration, Articles, or By-Laws prescribe two classes of voting membership and require the vote or written consent of each class of membership for the initiation of action by or in the name of the Association, any requirement in the Declaration, Articles or By-Laws, other than in Section 15.08 of the Declaration, Article IX of the Articles, Section 12.02 of the By-Laws, and Section 18.01 of the Declaration, that the vote of the Declarant shall be excluded in any such determination shall be applicable only if there has been a conversion of Class B membership to Class A membership, in which case the vote or written consent of a prescribed percentage of the total voting power of the Association as well as the vote or written consent of the prescribed percentage of the total voting power of members other

Weldon Brown

From: Dennis Burke [DBurke@fiorelaw.com]
Sent: Tuesday, December 19, 2006 6:03 PM
To: Weldon Brown
Subject: proxies

Weldon - unless an association's Bylaws or CC&Rs require an association to send a proxy, I don't recommend that an association send out proxies. Having the association send a proxy to the members will likely only confuse the member, since the association will also be sending out the secret ballot. Of course, members can still use proxies if allowed by the Bylaws or CC&Rs. But, the proxies must meet the requirements in the Bylaws/CC&Rs as well as the requirements in the Corporations Code and the Civil Code.

There is really no need for a proxy. If someone can't make it to the meeting, they can complete and mail in their secret ballot. That way their vote will still be counted, and ballots that are mailed in count for quorum purposes.

Very truly yours,

Dennis M. Burke
Fiore, Racobs & Powers

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12/19/2006

than the Subdivider shall be required. Except as stated in the above referenced provisions of the Declaration, Articles or By-Laws, so long as there is in existence two (2) outstanding classes of membership, the approval of any action to be taken by the Association shall expressly require the vote or written consent of a prescribed percentage of the Class B voting power as well as the vote or written consent of the prescribed percentage of the Class A voting power.

6.05 Joint Owner Disputes.

The vote for each such Condominium may be cast only as a unit, and fractional votes shall not be allowed. In the event that more than one person owns a Condominium and they are unable to agree among themselves as to how their vote shall be cast, they shall lose their right to vote on the matter in question. If any Owner casts a vote representing a certain Condominium, it will thereafter be conclusively presumed for all purposes that he was acting with the authority and consent of all other Owners of the same Condominium. In the event more than one vote is cast for a particular Condominium, none of said votes shall be counted and all of said votes shall be deemed void.

6.06 Voting.

The majority vote of the Members otherwise entitled to vote who are present in person or by proxy at any special or annual meeting at which a quorum is present shall decide any question brought before any such special or annual meeting unless the question is one upon which, by express provision of statute, the Articles of Incorporation, the Declaration or these By-Laws, a different vote is required, in which case such express provision shall govern and control.

Subject to the limitations with respect to Declarant's voting rights as set forth in Paragraph 7.02 of these By-Laws, in any election of the members of the Board, every member (including Declarant) entitled to vote at such an election shall be entitled to cumulate his votes and give one candidate, or divide among any number of the candidates, a number of votes equal to the number of votes to which that member is entitled in voting upon other matters, multiplied by the number of Directors to be elected, if the candidate's name has been placed in nomination prior to voting, and if any member has given notice at the meeting prior to the voting of his intention to cumulate votes. The candidates receiving the highest number of votes, up to the number of the Board members to be elected, shall be deemed elected.

Voting for the election or removal of Directors shall be by secret written ballot.

6.07 Disqualification.

No Member shall be entitled or eligible to vote on any question brought before any annual or special meeting or to be elected to the Board of Directors who is shown on the books or records of the Association to be more than thirty (30) days delinquent in the payment to the Association of any Assessment, providing that the following procedure is adhered to:

- (a) Notice shall be sent by prepaid, first-class, or registered mail to the most recent address of the Member as shown on the Association's records, setting forth the disqualification and the reasons therefor. Such notice shall be sent at least fifteen (15) days before the proposed effective date of the disqualification.
- (b) The Member being disqualified shall be given an opportunity to be heard, either orally or in writing, at a hearing to be held not fewer than five (5) days before the effective date of the proposed disqualification. The hearing will be held by the Board of Directors of the Association. The notice to the Member of his proposed disqualification shall state the date, time, and place of the hearing on his proposed disqualification, and the amount owed by the Member to the Association.
- (c) Following the hearing, the Board of Directors of the Association shall decide whether or not the Member should in fact be disqualified. The decision of the Board of Directors shall be final and binding upon the Member.

6.08 Quorum.

Unless otherwise provided by statute, the Articles of Incorporation, the Declaration or these By-Laws, the presence, in person or by proxy of Members entitled to cast at least fifty-one percent (51%) of the total votes of all Members of the Association shall constitute a quorum for the transaction of business at all meetings of the Members of the Association. If at any meeting of the Association a quorum is not present, a majority of the Members present and entitled to vote, either in person or by proxy, may, unless otherwise provided by law, adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time for which the original meeting was called, but may not transact any other business. At such adjourned meeting the presence of Owners otherwise entitled to vote who own at least twenty-five percent (25%) of the voting power of the

Association shall constitute a quorum. If a time and place is not set for the adjourned meeting by a majority of Members present and entitled to vote at the original meeting, or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members as provided for in Paragraph 6.03 of these By-laws.

6.09 Proxies.

At any meeting of the Members of the Association, each Member entitled to vote may vote in person or by proxy, provided that any such proxy shall be in writing, executed by the Member entitled to vote or by his duly authorized attorney-in-fact and filed with the Secretary of the Association at or before any meeting at which a vote by such proxy may be cast. Any such proxy shall (i) not be valid for longer than eleven (11) months from the date of its execution unless otherwise shall constitute a quorum. If a time and place is not set for the adjourned meeting by a majority of Members present and entitled to vote at the original meeting, or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members as provided for in Paragraph 6.03 of these By-laws.

6.10 Consent of Absentees.

Except with respect to the election of Directors to the Board of Directors of the Association, the transaction of any business at any meeting of the Members of the Association, whether an annual or special meeting, however called or noticed, shall be valid as though had at a meeting duly held after regular call and notice thereof if there was a quorum present either in person or by proxy and if either before or after such meeting each Member who would have been entitled to vote if he had been present in person or by proxy, signs a written waiver of notice or a consent to the holding of such meeting or approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the records of the Association or made a part of the minutes of the meeting.

6.11 Adjourned Meetings and Notice Thereof.

Any membership meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the Members otherwise entitled to vote and present in person or by proxy, but in the absence of a quorum, no other business may be transacted at any such meeting. An adjournment for lack of a quorum at the original meeting shall be to a time not less than five (5) days nor more than thirty (30) days from the time for which the original meeting was called. If a time and place for the adjourned meeting is not set by a majority of Members pursuant and entitled to vote at the original

meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members as provided for in Paragraph 6.03 of these By-laws.

6.12 Liability of Members.

No Member of the Association shall be personally liable for any of the debts, liabilities and/or obligations of the Association.

6.13 Action Without Meeting.

Any action which may be taken by the vote of members at a regular or special meeting, except the election of members of the Board of Directors where cumulative voting is a requirement, may be taken without a meeting if done in compliance with the provisions of Section 7513 of the California Corporations Code.

ARTICLE VII

Board of Directors

7.01 Initial Board of Directors.

The initial Board of Directors of the Association shall be the three (3) persons named in and executing the Article of Incorporation of the Association and shall hold said offices until the first (1st) annual meeting of the Association.

7.02 Election of Board of Directors.

The initial Board of Directors shall be replaced, and the members of the Association shall elect a Board of Directors, at the first annual meeting of the Association. As provided in Section 6.06, every Owner entitled to vote at any election for Directors of the Association may cumulate his votes and give one candidate a number of votes equal to the number of Directors to be elected multiplied by the number of votes to which each Owner is entitled; except that in all elections in which the Declarant is entitled to vote, and in which the Owners other than the Declarant do not have a sufficient percentage of the voting power of the Association to elect at least one (1) Director through the cumulating of all of their votes, there shall be designated one (1) directorship for which the Declarant shall be ineligible to vote. Said Board shall consist of three (3) Directors, each of whom shall serve concurrent terms until the next succeeding annual meeting of the Members of the Association or until his successor has been elected. No two directors shall have a joint ownership interest or reside in the same unit of the Project. Directors need not be Members of the Association nor reside in the Project.

7.03 Powers.

The affairs of the Association shall be managed and administered by the Board of Directors and all of the powers and duties of the Association shall be exercised by said Board including but not limited to all those powers and duties existing under common law and statutes, the Articles of Incorporation of the Association, these By-Laws, the Declaration and all of the other Condominium Documents. All such powers and duties of the Board of Directors shall be exercised in accordance with the provisions of the Declaration, these By-Laws and all of the other Condominium Documents, instruments and bodies of law which govern the use of the Project and without limiting or impairing the generality of the foregoing powers and duties, said powers and duties shall include but shall not be limited to the following:

- (a) To estimate, make, budget, charge, assess and collect all Assessments, whether Common Assessments, Capital Assessments or Special Assessments, in accordance with the Condominium Documents including, but not limited to the Declaration.
- (b) To use any and all sums received or collected from said Assessments in the exercise of its powers and duties.
- (c) To undertake, provide, perform or cause to be performed all maintenance, repair, replacements, alterations, additions, reconstruction and/or renovation of all or any portion of the Improvements, Common Area or facilities within the Project as set forth in the Condominium Documents including, but not limited to the Declaration.
- (d) To make, amend, modify, promulgate and/or establish such rules, regulations, guidelines and/or standards for the use and occupancy of the Common Area as may be deemed to be proper and which are consistent with the Articles of Incorporation, these By-Laws and the Declaration.
- (e) To enforce by equitable and/or legal means any or all of the provisions of the Condominium Documents, including but not limited to these By-Laws and the Declaration as the same or any of them may from time to time be amended, and which enforcement shall also include the initiation and execution of disciplinary proceedings against members of the Association, for violations of the provisions in the Declaration and in these By-Laws hereof, in accordance with the procedures as set forth in the Declaration.

- (f) To contract for services of a Manager for the Project and to delegate to such Manager all powers and duties of the Association except such as are specifically required by the Condominium Documents to be exercised or discharged by the Board of Directors, officers of the Association or the Members of the Association.
- (g) To pay all taxes and assessments which are liens against any portion of the Project other than taxes and assessments which are individually assessed against or are liens on individual Condominiums to defray such taxes and assessments as provided in the Condominium Documents, including but not limited to the Declaration.
- (h) To purchase or cause to be purchased insurance for the protection of the Project, the Association and all Owners of Condominiums against casualty, public liability and such other risks as are set forth in the Declaration or as may be deemed reasonably necessary by the Board of Directors.
- (i) To pay all costs of power, heat, sewer and all other utility services provided to the Project which are not separately metered or charged to the individual Owners or their Condominiums.
- (j) To employ and compensate personnel to perform services required for the proper management and administration of the Association.
- (k) To delegate its powers according to these By-Laws, the Declaration and as otherwise authorized by law.
- (l) To elect the officers, and to select and appoint agents or employees of the Association, to remove them at pleasure, either with or without cause, to prescribe for them duties consistent with the Articles of Incorporation, these By-Laws and the Declaration and to fix their compensation, if any.
- (m) To borrow money and to incur indebtedness for the benefit of the Association and to cause to be executed and delivered therefor, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges or other evidences of debt in security therefor.
- (n) To designate, from time to time, the person or persons authorized to sign or endorse checks, drafts or other orders for the payment of money, issued in the name of or payable to the Association.

- (c) To establish such additional committees, officers, or employees of the Association as shall be determined, from time to time, by the Board of Directors and having such powers and duties as may be delegated by the Board. Any such committee or officer shall exist and serve at the pleasure of the Board of Directors.
- (p) To fill vacancies on the Board of Directors in all circumstances except when a vacancy is created by the removal of a Director pursuant to the procedures set forth in Paragraph 7.05 of these By-Laws.
- (q) To generally exercise such powers and duties as are usually vested in directors of corporations or authorized by the Corporations Code of the State of California, including without limitation, such duties and functions as are set forth in the Declaration. To retain the services of a Manager, together with the services of such other persons as the Board shall from time to time determine to be necessary or proper to the daily management, operation and maintenance of the Project; provided that no contract for such services shall be made and entered into which binds the Association for a period in excess of one (1) year, with the following exceptions: (i) the approval of the Owners (not including Declarant) of a majority of the voting power, (ii) a management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration, (iii) a contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate, and (iv) prepaid casualty and/or liability insurance policies of not to exceed three (3) years duration provided that the policy permits for short rate cancellation by the insured.
- (r) To prepare and to deliver to the Members of the Association the budgets and financial statements of the Association in accordance with Paragraph 6.03(j) of the Declaration.

- (s) To retain legal and accounting services for the Association, the Board, officers and the Manager and his staff, as provided in the Declaration. In addition thereto, the Board of Directors shall cause to be performed an audit by an independent Certified Public Accountant made of the accounts and the operating and financial statement of the Association for each fiscal year in which the gross income to the Association exceeds \$75,000.

7.04 Vacancies.

Vacancies in the Board of Directors, except for a vacancy created by the removal of a Director, may be filled by a majority of the remaining Directors, though less than a quorum, and each Director so elected shall hold office until his successor is elected at an annual meeting of the Members of the Association or at a special meeting of the Association called for that purpose. A vacancy shall be deemed to exist in the case of the death, resignation or removal of any Director, or if the Members of the Association shall increase the authorized number of Directors but shall fail at the meeting at which such increase is authorized, or at any adjournment thereof, to elect additional Directors so provided for, or in the case where the Members of the Association fail at any time to elect the full number of authorized Directors. The Members of the Association may at any time elect Directors to fill any vacancy not filled by the Directors, and may elect the additional Directors at the meeting at which an amendment of the By-Laws is voted authorizing an increase in the number of Directors. If any Director tenders his resignation to the Board of Directors, the Board shall have the power to elect a successor to take office at such time as the resignation shall become effective. No reduction of the number of Directors shall have the effect of removing any Director prior to the expiration of his term of office.

7.05 Removal of Directors.

Any Director whose removal has been proposed by the Members of the Association shall be given an opportunity to be heard at the meeting at which the question of his removal shall be put to a vote. The term of any Director, who is also the Owner of a Condominium within the Project and who becomes more than thirty (30) days delinquent in the payment of any Assessments due and payable to the Association shall be automatically terminated and the remaining Directors shall appoint his successor as provided in Section 7.04 above.

The entire Board of Directors or an individual Director may be removed from office by a vote of Owners representing fifty-one percent (51%) of the voting power of the Association, provided that unless the entire Board is removed an individual Director

shall not be removed if the number of votes against the resolution for his removal would be sufficient to elect the Director if voted cumulatively at an election at which the same total number of votes were cast and the entire Board of Directors were then being elected. If any or all Directors are so removed, new Directors may be elected at the same meeting. Vacancies created by the removal of a Director shall be filled by an election of the Members.

7.06 Compensation.

No compensation shall be paid to Directors for their services as Directors and no remuneration shall be paid to a Director for services performed by him for the Association in any capacity except upon the vote or written assent of a majority of the voting power of the Association residing in members other than the Declarant. Notwithstanding the foregoing, any Director or officer of the Association may be reimbursed by the Association for expenses incurred if reasonable in carrying on the business of the Association.

7.07 Certificates of Identity.

Immediately following the election of any Director, the secretary of the Association may issue a certificate identifying him as a Director of the Association which certificate shall, in accordance with the provisions of Section 1355(a) of the California Civil Code, be conclusive evidence of said Director's membership on the Board of Directors in favor of any person relying thereon in good faith, provided, that any such certificate shall set forth on its face the term of office for which such Director has been elected. Any certificate so issued shall be maintained by the secretary of the Association and shall be cancelled upon the expiration of the term of office of the Director named thereon or upon his death, removal or resignation.

7.08 Liability of Directors.

The members of the Board of Directors shall not be liable to the Members of the Association for any non-willful tort, mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Members of the Association shall and do hereby agree to indemnify and hold harmless each member of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith. Every contract or agreement made by the Board of Directors or by the Manager on behalf of the Association shall provide that any or all of the Directors or the Manager, as the case may be, are acting only as agents for the Association and neither the Board nor any member thereof nor the Manager shall have any personal liability there-

under and any liability of any individual Member of the Association arising out of any such contract or agreement made by the Board of Directors or by the Manager or arising out of the indemnity in favor of any or all of the Directors shall be limited to that portion of the total liability as such Member's Percentage Interest in the Common Area. If obtainable at a reasonable cost to the Association, the Association shall purchase liability insurance for each Director covering his personal liability for his acts and omissions occurring while acting in the capacity of a Director of the Association, the cost of which shall be paid by the Association as part of the Common Expenses.

7.09 Executive Committee.

The Board of Directors shall have the power to appoint an Executive Committee and to delegate to such Committee any of the powers and authority of the Board in the management of the business and affairs of the Association, except the power to adopt, amend or repeal the By-Laws. Any such Executive Committee shall be composed of three (3) or more Directors.

ARTICLE VIII

Directors Meetings

8.01 Place of Meetings.

All meetings of the Board of Directors shall be held at a suitable location on the Property. All regular and special meetings of the Board of Directors shall be open to all Owners provided, however, that Owners who are not on the governing body may not participate in any deliberations or discussions unless expressly so authorized by a vote of a majority of a quorum of the Board of Directors.

8.02 Organization Meeting.

The first meeting of a newly elected Board of Directors shall be held within ten (10) days of their election at such time and place as shall be fixed by the Directors at the meeting at which they were elected and no further notice of such meeting shall be necessary provided that a quorum of the Board shall be present. Notice of such meeting shall be posted at a prominent place within the Common Area, which notice shall specify the date, place and hour of the first meeting, and shall be posted not less than ninety-six (96) hours prior to the scheduled time of the meeting.

8.03 Regular Meetings.

Regular meetings of the Board of Directors shall be held monthly, at such place and hour as may be fixed from time to time by resolution of the Board of Directors. Upon the Board of Directors establishing the date, place and hour for said regular meeting, the Board of Directors shall then cause to have posted, at a prominent place or places within the Common Area, a written notice of said regular meeting, which written notice shall specify the date, place, and hour of the regular meeting, and which notice shall be posted not less than ninety-six (96) hours prior to the scheduled time of the meeting. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday. Notice of a regular meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.

8.04 Special Meetings and Notices Therefor.

Special meetings of the Board of Directors may be called for any purpose and at any time by written notice signed by the President or by any two (2) Directors. Such written notice shall specify the nature of any special business to be considered together with the time and place of such special meetings and shall be posted at a prominent place within the Common Area and shall be delivered personally to each Director or sent to each Director by letter or by telegram, postage and charges prepaid, addressed to him at his address as it is shown on the records of the Association at least seventy-two (72) hours prior to the time of the holding of such special meeting. Any mailing, telegraphing or delivery as above provided shall be due, legal and personal notice to each such Director. Notice of such a meeting shall be posted at a prominent place within the Common Area at least seventy-two (72) hours prior to the scheduled time of the meeting.

8.05 Waiver of Personal Notice of Special Meeting.

Notwithstanding the provisions of Section 8.04 above, separate notice of special meetings to each director by personal service or by letter or telegram shall be deemed waived by any director attending such special meeting of the Board at the time and place designated by such notice as shall be posted at a prominent place within the Common Area at least seventy-two (72) hours prior to the scheduled time of said special meeting.

8.06 Quorum.

At all meetings of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall constitute the acts of the Board.

8.07 Adjournment.

A quorum of the Directors may adjourn any Directors' meeting to meet again at a stated day and hour. In the absence of a quorum a majority of the Directors 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 of the corporation; notice of the time and place of adjourned meeting need not be given to any Director present at the meeting adjourned if the time and place be fixed at the meeting adjourned. The Board of Directors may, with the approval of a majority of a quorum of its members, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

8.08 Action Without Meeting.

Any action which may be taken by the Board of Directors at a regular or special meeting may be taken without a meeting if all Directors consent in writing to the action to be taken. An explanation of any action taken by unanimous written consent shall be posted at a prominent place or places within the Common Area within three (3) days after the written consents of all Directors have been obtained.

ARTICLE IX

Officers

9.01 Enumeration.

The officers of the Association shall be a President, a Vice-President, a Secretary, a Treasurer and such other officers as are elected by the Board of Directors including in its discretion a Chairman of the Board. When the duties do not conflict, any two (2) or more offices, except those of President and Secretary, may be held by the same person.

9.02 Election and Tenure.

Except with respect to (i) the officers elected by the initial Board of Directors and (ii) subordinate officers described in Section 9.03 hereof, the officers of the Association shall be elected annually by the Board of Directors at a meeting of the

Board provided that new offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been elected and shall have been qualified.

9.03 Subordinate Officers.

The Board of Directors may, from time to time, appoint such other officers as necessary for the management and administration of the Association, each of whom shall hold such office and shall have such authority and shall perform such duties as are set forth in the Declaration and as the Board of Directors may from time to time determine.

9.04 Removal and Resignation.

Any officer elected or appointed by the Board of Directors may be removed by a majority of the Board of Directors whenever in their judgment the best interests of the 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 of Directors or to the President or to the Secretary of the Association. Any such resignation will 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.

9.05 Vacancies.

A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors for the unexpired term of the officer replaced.

9.06 Chairman of the Board.

The Chairman of the Board, if there shall be such an officer, shall, if present, preside at all meetings of the Members of the Association and of the Board of Directors and exercise and perform such other powers and duties as may from time to time be assigned to him by the Board of Directors.

9.07 President.

The President shall be the principal executive officer of the Association and shall, subject to the control of the Board of Directors, supervise, direct and control all of the business and affairs of the Association and the officers thereof. He shall preside, in the absence of a Chairman of the Board, at all meetings of the Members of the Association and of the Board of Directors. He may sign, together with the Secretary (or any other officer of the Association duly authorized by the Board of

Directors) any deeds, mortgages, bonds, contracts, agreements or other instruments which the Board of Directors have authorized to be executed except in such case where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws, the Declaration or by statute to some other officer or agent of the Association, and shall have all the general powers and perform all of the duties usually vested in the office of President of a corporation including all the powers and duties as may, from time to time, be prescribed by the Board of Directors, or by these By-Laws.

9.08 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 of the restrictions upon the President. The Vice President shall have such other powers and perform such other duties as from time to time be assigned to him by the President or by the Board of Directors.

9.09 Secretary.

The Secretary shall keep the minutes of all meetings of the Members of the Association and the Board of Directors in one or more books provided for that purpose. He shall cause all notices to be duly given to the Members of the Association and to its Board of Directors in accordance with the provisions of these By-Laws, the Declaration or as otherwise required by law. He shall be the custodian of the Association's records and of the seal of the Association and shall cause said seal to be affixed to all documents, the execution of which on behalf of the Association under its seal is duly authorized in accordance with the provisions of these By-Laws. He shall keep a register of the post office address of each Member of the Association and its Directors 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 President or by the Board of Directors including but not limited to the filing, recordation and issuance of any notice, document, certificate or other instrument described in the Declaration or these By-Laws.

9.10 Treasurer.

If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sums and with such surety or sureties as the Board of Directors shall determine. The Treasurer shall have charge and custody of and be responsible for all funds, securities or proceeds collected, owned or received by the Association. He shall receive and give receipts for monies due and payable to the Association from any source whatever and deposit all such monies in the name of the

Association in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these By-Laws and the Declaration. He shall keep and maintain the books of the Association in accordance with generally accepted accounting principles and shall perform all other duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or the Board of Directors.

9.11 Assistant Treasurers and Assistant Secretaries.

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

9.12 Compensation.

No compensation shall be paid to any Director or officer of the Association for services performed in the conduct of the Association's business except upon the vote or written assent of a majority of the voting power of the Association residing in members other than the Declarant. Notwithstanding the foregoing, any Director or officer of the Association may be reimbursed by the Association for expenses incurred if reasonable in carrying on the business of the Association.

9.13 Additional Committees.

There may also be such additional boards, or committees as shall be determined, from time to time by the Board of Directors consisting of those persons who may be selected therefor and invited to become members thereof by the Board of Directors and having such powers and duties as may be delegated by the Board. Any such board or committee shall exist and the members thereof shall serve at the pleasure of the Board of Directors.

ARTICLE X

Books, Records and Funds

10.01 Place of Keeping.

The books, records and papers of the Association shall be kept at the principal place of business of the Association, and shall at all times during reasonable business hours, be subject to the inspection by any Member or his duly appointed representative.

10.02 Budgets and Financial Statements.

The Board of Directors shall arrange and be responsible for financial statements of the Association to be regularly prepared and copies distributed to each member of the Association as follows:

- (1) A pro forma operating statement (budget) for each fiscal year shall be distributed not less than sixty (60) days before the beginning of the fiscal year (i.e. at least sixty (60) days prior to January 1 of each year).
- (2) A balance sheet, as of an accounting date which is the last day of the month closest in time to six (6) months from the date of closing of the first sale of a unit in this Project, and an operating statement for the period from the date of the first closing to the said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the number of the subdivision interest and the name of the entity assessed.
- (3) An annual report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year;
 - (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) Any information required to be reported under Section 8322 of the California Corporations Code.
- (4) In the event that the gross income to the Association exceeds \$75,000 in any fiscal year, the annual report shall be prepared by an independent public accountant. If the annual report is not prepared by an independent public accountant, it shall be accompanied by the Certificate of an authorized officer of the Association that the statements were prepared without audit from the books and records of the Association.

10.03 Fiscal Year.

The fiscal year of the Association shall be a calendar year, unless otherwise determined by the Board of Directors.

10.04 Assessment Rolls.

The 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 name and the Unit number of the Condominium, its Owner, the amounts of any and all Assessments and delinquencies with respect to said Owner and his Condominium, the dates and amounts in which the Assessments come due, the amounts paid upon account thereof and the balance due upon any Assessment.

10.05 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 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.

10.06 Contracts.

The Board of Directors, except as otherwise provided in these By-Laws and the Declaration, 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 Association and such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, no officer, Manager, agent or employee shall have any power or authority to bind the Association by any contract, agreement or engagement or to pledge the credit of the Association or to render the Association liable for any purpose or to any amount.

10.07 Deposits.

All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, saving and loan associations or other depositories as the Board of Directors may select in accordance with the provision of the Declaration.

10.08 Gifts.

The Board of Directors may accept on behalf of the Association any contribution, gift, bequest or devise for any general or special purpose of the Association.

ARTICLE XI

Membership Registrar

11.01 Membership Registrar.

The Secretary of the Association shall maintain a current Membership Registrar, which Membership Registrar shall set forth all of the names and addresses of each Owner of a unit within the Project. Said Membership Registrar shall be available for inspection by all members of the Association. Upon transfer of a condominium, the Secretary shall revise the Membership Registrar to include the name of the new Owner.

11.02 Transfer of Membership.

Membership in the Association shall be transferred concurrently with the recordation of transfer of ownership of the Property and the Condominium to which it is appurtenant.

ARTICLE XII

Miscellaneous

12.01 Conflicts.

If there are any conflicts or inconsistencies between the provisions of the Declaration and these By-Laws, the terms and provisions of the Declaration shall prevail.

12.02 Amendments to By-Laws.

A. One class of voting structure. After the conversion of Class B voting rights into Class A voting rights as provided in Section 6.04 above, these By-Laws may be amended by the vote or written assent of Members of: (i) at least a bare majority of a quorum, but not more than a bare majority of the voting power of the Association; and (ii) at least a bare majority of the votes of Members other than the Declarant. Notwithstanding the foregoing, the percentage of a quorum or of the voting power of the Association or of Members other than the Declarant necessary to amend a specific clause or provision of these By-Laws shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

B. Two classes of voting structure. During the existence of a separate Class A and Class B voting structure as provided in Section 6.04 above, these By-Laws may be amended by the vote or written assent of the majority of the voting power of both Class A and B Members.

12.03 Use of Pronouns.

As used in these By-Laws the neuter pronoun shall include the masculine and the masculine the feminine and the singular shall include the plural and the plural the singular.

12.04 Inspection of By-Laws.

The Association shall keep in its principal office a true and correct copy of these By-Laws as the same may, from time to time, be amended, which shall be open to inspection by the Members of the Association at all reasonable times during office hours.

12.05 Parliamentary Rules.

Roberts Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with the Articles of Incorporation, these By-Laws, the Declaration or with the statutes of the State of California.

12.06 Notice and Waiver of Notice.

Whenever any notice is required by the By-Laws to be given, personal notice is not meant unless expressly so stated. Except as provided in Article 8.03 and 8.04 above, any notice so required shall be deemed to be sufficient if given by depositing the same in a post office box in a sealed postpaid wrapper, addressed to the person entitled thereto at his last known post office address, and such notice shall be deemed to have been given forty-eight (48) hours after such mailing. Any notice required to be given under these By-Laws may be waived by the person entitled thereto with the exception of the posted notices set forth in Article 8.03 and 8.04 above.

12.07 Compliance.

These By-Laws are set forth to comply with the requirements of the following statutes: California Civil Code Sections 1350 through 1359, inclusive, and all other applicable statutes of the State of California. In case any of these By-Laws conflict with the provisions of said statutes it is hereby agreed and accepted that the provisions of the said statute will apply.

CERTIFICATION

I hereby certify that I am the duly elected and acting Secretary of the BAYSHORE SKI & RACQUET CLUB HOMEOWNERS ASSOCIATION, INC., a California nonprofit mutual benefit corporation and that the foregoing By-Laws constitute the original By-Laws of this Association, duly adopted at a meeting of the Board of Directors thereof held April 1, , 1982, and that they do now constitute the By-Laws of said Association.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 1st day of April, 1982.

Sarah V. Lafare
Sarah V. Lafare, Secretary

ATTEST:

Preston F. Thurtle
Preston F. Thurtle

55.0

AGREEMENT

Re: Use of Common Areas By Owners

This Agreement, is entered into as of the ____ day of _____, 1981 by and between _____ (hereinafter referred to as "Owner") and Bayshore Ski & Racquet Club Homeowners Association, (hereinafter referred to as the "Association"), with reference to the following facts:

1. Owner holds title in fee of that certain real property located at _____, which property is to be developed into a condominium project, known as "Bayshore Ski & Racquet Club" (hereinafter referred to as the "Project").

2. Owner desires to conduct certain sales activities at the Project and therefore requires the Association's consent in connection with the use of the Common Areas in connection with said sales activities and the Association hereby agrees and consents to permit Owner to use said Common Areas pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, Owner and the Association hereby agree as follows:

1. Use By Owner and Association. The Association hereby grants to Owner, its agents and employees, the right to enter and make such temporary use of the Project as is reasonably necessary to facilitate and complete the improvement and sale of the Condominiums and the construction, excavation, grading and/or completion of any additional landscaping, subterranean parking and service facilities, storage facilities and/or recreational facilities, if any, for the Project together with alterations and interior decoration in and to lobbies and unsold or model Units, including, but not limited to the right to: (i) maintain and operate for sales purposes at least seven (7) model Units, (ii) to show the Project and any unsold Condominiums therein, (iii) to use the Common Area recreational facilities in connection with any sales program, (iv) to display signs in aid of the sale of an unsold Condominium, (v) to maintain and operate a fully staffed sales office complex in the Project until all of the Units have been sold by Declarant and escrows closed for such sales. In addition, the Association hereby covenants and agrees that

the Association, its Board, officers, Manager and his staff shall have the right to make use of all areas and space, including Parking Areas, and office areas and space reasonably necessary for use in connection with the operation and maintenance of the Project as well as other portions of the Common Area and any Personal Property of the Association.


2. Termination of Agreement. This Agreement and Owners rights hereunder shall terminate upon the earlier occurrence of three (3) years from the date of issuance of the California Department of Real Estate's Final Subdivision Public Report on this Project or the sale of all of the Units within the Project.

OWNER

Bayshore Ski & Racquet Club
HOMEOWNER'S ASSOCIATION

American West Development
Company,
a California corporation

By: _____
President

By: 
Preston F. Thurtle,
President

144-43

AMENDMENT TO
BAYSHORE SKI & RACQUET CLUB HOMEOWNERS ASSOCIATION
BY-LAWS

IT IS HEREBY RESOLVED that Section 7.02 of Article VII and Section 8.01 of Article VIII of the By-Laws of the Association be amended to read as follows:

Article VII Section 7.02 ELECTION OF BOARD OF DIRECTORS

The Board of Directors shall consist of five (5) Members who must be Members of the Association but need not reside in the project.

Beginning with the 1990 Annual Meeting and Election, two (2) Members will be elected to serve a one (1) year term and three (3) Members will be elected to serve a two (2) year term. Thereafter Members will be elected to serve a two (2) term.

Each Member of the Board of Directors will serve until his successor has been elected.

As provided in Section 6.06, every Owner entitled to vote at any election for Directors of the Association may cumulate his votes and give one (1) candidate a number of votes equal to the number of Directors to be elected multiplied by the number of votes to which each Owner is entitled.

Article VIII Section 8.01 PLACE OF MEETING

All meetings of the Board of Directors shall be held at a suitable location selected by the Board of Directors. All regular and special meetings of the Board of Directors shall be open to all Owners provided, however, that Owners who are not on the governing body may not participate in any deliberations or discussions unless expressly so authorized by a vote of a majority of a quorum of the Board of Directors.

BAYSHORE SKI & RACQUET CLUB HOMEOWNERS ASSOCIATION
Amendment to By-Laws
February 10, 1990
Page 2

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, being a majority of the Directors of BAYSHORE SKI & RACQUET CLUB HOMEOWNERS ASSOCIATION, a corporation, incorporated, organized and existing under the general non-profit corporation laws of the State of California, do hereby certify that the foregoing By-Laws were duly adopted as the By-Laws of the said corporation.

IN WITNESS WHEREOF, we have hereunto subscribed our names this 20th day of February, 1990.

Dr. J. C. Tinsley

John J. Dunsen

KNOW ALL MEN BY THESE PRESENTS:

That I, the undersigned, the duly elected and acting Secretary of BAYSHORE SKI & RACQUET CLUB HOMEOWNERS ASSOCIATION, do hereby certify, that the above and foregoing By-Laws were adopted as the By-Laws of said corporation on the 10th day of February, 1990.

[Signature]
Secretary

BAYSHORE SKI AND RACQUET CLUB HOMEOWNERS ASSOCIATION

RULES AND REGULATIONS

The Board of Directors of the Association are authorized under Section 4.23 of the CCR's to adopt rules and regulations pertaining to the property and improvements and to the use of the common areas. These rules and regulations are supplemental to the CCR's and in the event of any conflict, the CCR's will prevail. These rules and regulations are intended as a guide to the conduct and activities of all owners and tenants and their family members and guests to the end that everyone living in and using the facilities will enjoy such use without annoyance or interference from others. These rules and regulations are for the benefit of us all. Strict observance and adherence is requested by the Board. Failure to comply may result in denial of privileges or fines imposed by the Board. These rules and regulations shall be binding on every owner and tenant and their respective family members and guests and each owner shall be held responsible for the activities of all such persons.

BUILDING RULES.

1. Each owner will be responsible for keeping the area in front of his entry and patio areas neat and clean at all times.
2. Every unit should contain a small metal trash can with a tight lid. All ashes, embers, coals and cigarettes should be deposited in such metal cans. Refuse in such metal cans shall be dumped only in the large metal trash cans marked "ashes only" adjacent to each trash receptacle. All other refuse must be wrapped in paper or plastic bags and deposited in the dumpsters in the trash receptacles. If a dumpster is full, trash must be taken to another receptacle and not thrown in outside the dumpster.
3. No refuse of any kind shall be left on decks, porches, stairways, walkways or parking areas. All cardboard boxes must be broken down and deposited in the dumpster in a trash receptacle.
4. When remodeling, all materials must be stored within your unit, not on front or back porches/decks.
5. All deck/porch areas must conform to the standards of the CCR's.
6. Please exercise caution at all times when allowing admittance to workmen, solicitors or strangers.

COMMON AREA RULES

The common areas are defined as those areas outside of the individual units, including the pool/jacuzzi areas, general landscaping areas, tennis courts, dock, etc.

1. Owners are responsible for any damage to the common areas caused by members of their household, tenants, members of their households, and their guests and will be responsible for cost of the repair or replacement incurred by the Association.
2. "Rental" or "For Sale" signs will be permitted only with the prior approval of the Board if of a reasonable size and dignified appearance.
3. Owners may not, under any circumstances, adjust or repair any common area equipment, except under the direction of the Board.
4. Pets are permitted only if owners maintain proper supervision so as not to disturb the enjoyment of others. Pets are not allowed in the common area unless carried or on a lease. Owners must clean up after their pets.
5. No additions or alterations to the exterior of a unit may be made unless approved in advance by the Board.

POOL/JACUZZI RULES

1. Hours are 9 A.M. to 10:30 P.M.
2. Pets are not allowed in the pool/jacuzzi area at any time.
3. When finished with the jacuzzi, turn off timer and replace cover. Be sure the gate is locked when you leave.
4. The pools and jacuzzis are used at your own risk. The Association will not be responsible for any accident to owners, tenants, or guests. The pool/jacuzzi areas will be kept free from litter, trash, cans, cigarette butts, etc., at all times. Each owner, tenant and guest shall be responsible for the removal of his/her litter. Food shall not be brought into the pool/jacuzzi areas. Drinks are permitted if in cans, plastic or paper cups. No glass objects are allowed in the pool/jacuzzi areas.
5. Noisy behavior which may be disturbing to others is forbidden in or around the pool/jacuzzi areas at all times. Radios, televisions, musical instruments, etc. may be used only if

volume is kept low and others in the pool/jacuzzi areas have no objection to their use.

6. Chairs, lounges, towels and other equipment brought by owners, tenants or guests to the pool/jacuzzi areas must be removed when leaving the pool/jacuzzi areas.
7. The Association, through its Board of Directors, reserves the right to exclude any and all non-conforming persons from the pool/jacuzzi areas.

TENNIS COURT RULES

1. Rules for tennis court use which are posted on the tennis courts are to be adhered to at all times.
2. When finished playing, remove all of your possessions and be sure the gate is locked when you leave.
3. During the busy summer season, court reservations may be made on a sign-up board posted on the courts.

GENERAL RULES

1. Anything installed in the common areas without the permission of the Board which is in violation of the CCR's or these rules and regulations will be removed by the Association at the owner's expense.
2. These rules and regulations may be amended from time to time by the Board.
3. The best rule to follow is:

"Courtesy, Consideration and Cooperation"