

BYLAWS
OF
MISSION GROVE
HOMEOWNERS ASSOCIATION

ARTICLE I

NAME AND LOCATION

The name of the corporation is MISSION GROVE HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association." The principal office of the Association shall be located at the project in the City of San Jose, County of Santa Clara, California.

ARTICLE II

DEFINITIONS

2.1 The definitions contained in the Declaration are incorporated by reference herein.

2.2 "Declaration" shall mean and refer to the Enabling Declaration Establishing a Plan for Condominium Ownership applicable to the Property recorded on the 2nd day of March, 1984, in Book I347, Page(s) 144-190, Official Records of Santa Clara County, California.

ARTICLE III

MEETING OF MEMBERS AND VOTING

3.1 Annual Meeting. The first annual meeting of the members, whether a regular or special meeting, shall be held within forty-five (45) days after the closing of the sale of the project interest which represents the fifty-first (51st) percentile interest authorized for sale under the first public report for the project, but in no event later than six (6) months after the close of escrow on the sale of the first unit in the project. The next annual meeting shall be set by the Board so as to occur no later than ninety (90) days after the close of the Association's fiscal year. Subsequent regular annual meetings of the members shall be held within thirty (30) days of the same day of the same month of each year thereafter, at the hour of 8:00 o'clock P.M. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at

the same hour on the first day following which is not a legal holiday (excluding Saturday and Sunday).

3.2 Special Meetings. Special meetings of the members shall be promptly scheduled by the Board of Directors in response to the vote of the Board of Directors itself, or upon written request of the members representing five percent (5%) of the total voting power of the Association, or at the request of the Federal Housing Commissioner or his duly authorized agent. If the Association is the obligee under a bond or other arrangement to secure performance of the commitment of the Declarant to complete common area improvements which have not been completed prior to the close of escrow of the sale of the first unit, and the provisions of Section 8.14 of the Declaration are applicable, a special meeting of members may be called in accordance with the provisions of Section 8.14 of the Declaration which provisions are incorporated by reference herein.

3.3 Notice and Place of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the president, the manager, or the secretary when the meeting has been called by personal delivery or mailing a copy of such notice, postage prepaid, at least fifteen (15) days but not more than sixty (60) days before such meeting to each such lender requesting notice and to all members, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting. If action is proposed to be taken at any meeting for approval for any of the following proposals, the notice shall also state the general nature of the proposal. Member action on such items is invalid unless the notice or written waiver of notice states the general nature of the proposal(s): (a) removing a Director without cause; (b) filling vacancies in the Board of Directors by members; (c) amending the Articles of Incorporation; (d) approving a contract or transaction in which a Director has a material financial interest. Meetings shall be held within the project or at a meeting place within the same county, as close to the project as possible. First lenders may designate in writing a representative to attend all meetings.

3.4 Quorum. The presence at any meeting, either in person or by proxy, of members entitled to cast forty percent (40%) of the total voting power of the Association shall constitute a quorum for any action except as otherwise provided in the Declaration or these Bylaws. If, however,

such quorum shall not be present or represented at any meeting, a majority of the members entitled to vote thereat shall have power to adjourn the meeting to a date not less than five (5) days and not more than thirty (30) days from the date of the original meeting. The quorum for any such adjourned meeting shall be one-fourth ($\frac{1}{4}$) of the total voting power of the Association.

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, provided that at least twenty-five percent (25%) of the total voting power of the Association remains present in person and/or by proxy, and provided further that any action taken shall be approved by at least a majority of the members required to constitute a quorum. If a time and place for the adjourned meeting is not fixed by those in attendance 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 in the manner prescribed for regular meetings.

3.5 Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his unit or upon receipt of written notice by the Secretary or the Board of the death or judicially declared incompetence of a member prior to the counting of the vote, or upon the expiration of eleven (11) months from the date of the proxy. Every form of proxy or written ballot which provides an opportunity to specify approval or disapproval with respect to any proposal shall also contain a space marked "abstain."

3.6 Membership and Voting. Membership shall be held as provided in the Declaration. The Association shall have two (2) classes of voting membership:

Class A: Class A members shall be all owners with the exception of the Declarant (as defined in the Declaration) and shall be entitled to one (1) vote for each unit owned. When more than one person holds an interest in any unit, all such persons shall be members. The vote for such unit shall be exercised as they determine among themselves, but in no event shall more than one vote be cast with respect to any unit.

Class B: The Class B member(s) shall be the Declarant and shall be entitled to vote as follows: Voting shall be the same as for Class A memberships, except that Class B members may triple their votes for each unit owned. The Class B memberships shall cease and be converted to Class A memberships upon the happening of either of the following events, whichever occurs earlier:

(a) When the total votes outstanding in the Class A membership equal the total votes (tripled as stated above) outstanding in the Class B membership; or

(b) On the second anniversary date of the original issuance of the final subdivision public report for the project.

If the Articles of Incorporation, Bylaws or Declaration specifically require "the vote of each class of members" or "the vote of members other than Declarant" for a specific action, such vote shall be as follows:

As long as there are two classes of membership, the vote or written assent of the prescribed percentage of the Class B voting power as well as the vote or written assent of the prescribed percentage of the Class A voting power shall be required.

After conversion of Class B to Class A membership the vote or written assent of the prescribed percentage of the total voting power of the Association as well as the vote or written assent of the prescribed percentage of the total voting power of members other than the Declarant shall be required.

The previous two paragraphs shall not apply to Section 8.14 of the Declaration which section shall exclude the vote of the Declarant.

3.7 Majority of Owners. As used in these Bylaws, the term "majority of owners" shall mean those owners holding fifty-one percent (51%) of the votes. All actions by the members shall require a majority of a quorum of members unless otherwise specified in the Articles, Bylaws and Declaration.

3.8 Action Without Meeting. Any action that may be taken at any annual or special meeting of members except the election of Board of Directors where cumulative voting is a requirement may be taken without a meeting and without

prior notice if written ballots are solicited from all members and are received from a number of members at least equal to the quorum applicable to a meeting of members and is done in compliance with the provisions of Section 7513 of the Corporations Code. All such written ballots shall be filed with the Secretary of the Association and maintained in the Association's records. All solicitations of ballots shall indicate the time by which the ballot must be returned to be counted.

3.9 Regulatory Agreement: All owners, tenants, or their employees, or any other person that might use the facilities of the Project in any manner, are subject to the regulations set forth in these Bylaws and to the Regulatory Agreement. Acquisition, rental or occupancy of any unit shall constitute acceptance and ratification of the provisions of those Bylaws, the Declaration, and the Regulatory Agreement.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

4.1 Number. The affairs of the Association shall be managed and governed by a board of five (5) directors, who shall be members of the Association, except that a partner, employee, officer or director of any partnership, corporation (including Declarant) or association that is an owner shall be eligible to serve as a director.

4.2 Term of Office. At the first meeting of the Association, the members shall elect three (3) directors for a term of two (2) years each and two (2) directors for a term of one (1) year each. At each annual meeting thereafter the members shall elect successor directors for directors whose term has expired, each to serve for a term of two (2) years.

4.3 Removal. Unless the entire Board is removed from office by the vote of Association members, an individual director shall not be removed prior to the expiration of his term of office if the number of votes cast against his removal would be sufficient to elect him if voted cumulatively at an election at which the same total number of votes was cast and the entire number of directors authorized at the time of the most recent election of directors were then being elected. A director who was elected solely by the votes of members other than Declarant may be removed from office prior to the expiration of his term only by the votes of a majority of members other than

Declarant. In the event of death or resignation of a director, his successor shall be selected by a majority of the remaining members of the Board, or by a sole remaining director, and shall serve for the unexpired term of his predecessor. The members may elect a director at any time to fill any vacancy not filled by the directors. The Board may appoint a director to fill a vacancy created by removal of a director, but only with the vote or written consent of a majority of the voting power of the Association residing in members other than Declarant.

4.4 Compensation. No director shall receive compensation for any service he may render to the Association; however, any director may be reimbursed for his actual expenses, if reasonable, incurred in the performance of his duties.

4.5 Indemnification of Officers and Directors. Each director, officer and committee member shall be indemnified by the Association and the members against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him by judgment or settlement in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a director, officer or committee member of the Association, except in cases of fraud, gross negligence or bad faith of the director, officer or committee member in the performance of his duties.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

5.1 Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Notice to the members of the meeting shall include the names of all those who are nominees at the time the notice is sent. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more members of the Association provided, however, that no member of the Nominating Committee, their spouse, other family member, partner or co-shareholder, shall be placed in nomination. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the members, to serve until the close of such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. All candidates shall have

reasonable opportunity to communicate their qualifications to members and to solicit votes.

5.2 Election. The first election of the Board shall be conducted at the first meeting of the Association. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the the Declaration. The persons receiving the largest number of votes shall be elected. A member shall be entitled to cumulate his or her votes for one or more candidates for the Board if the candidate's name has been placed in nomination prior to voting and if the member has given notice at the meeting prior to the voting of his or her intention to cumulate votes. Voting for directors shall be by secret written ballot. So long as a majority of the voting power of the Association resides in the Declarant, or so long as there are two (2) outstanding classes of membership in the Association, not less than twenty percent (20%) of the incumbents on the Board shall have been elected solely by the votes of the owners other than the Declarant.

ARTICLE VI

MEETING OF DIRECTORS

6.1 Regular Meetings. Regular meetings of the Board of Directors shall be held monthly at such place within the Project and at such hour as may be fixed from time to time by resolution of the Board. 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, excluding Saturday and Sunday. Notice of the time and place of meeting shall be posted at a prominent place within the common area, and shall be communicated to directors not less than four (4) days prior to the meeting provided, however, that notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting. In the event that the Board determines that the business to be transacted by the Board does not reasonably require a monthly meeting, then regular meetings of the Board may be held at such intervals as the Board may determine but not less frequently than once each calendar quarter.

6.2 Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the president, vice-president or secretary of the Association, or by any two directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice

shall be given to each director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the director or to a person at the director's office who would reasonably be expected to communicate such notice promptly to the director; or (d) by telegram, charges prepaid. All such notices shall be given or sent to the director's address or telephone number as shown on the records of the Association. Such notices shall be posted at a prominent place within the common area not less than seventy-two (72) hours prior to the scheduled time of the meeting. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least seventy-two (72) hours before the time set for the meeting. Notice of a special meeting need not be given to any director who signed a waiver of notice or a written consent to holding of the meeting.

6.3 Quorum. A majority of the directors shall constitute a quorum for the transaction of business. Every act performed or decision made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

6.4 Open Meetings. All meetings of the Board shall be open to all members, but members other than directors may not participate in any discussion or deliberation unless expressly so authorized by a majority of a quorum of the Board.

6.5 Executive Session. The Board may, with approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the 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.

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

meeting. An explanation of the action taken shall be posted at a prominent place within the common area within three (3) days after the meeting.

6.7 Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present and (b) either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

6.8 Notice of Adjourned Meeting. Notice of the time and place of holding an adjourned meeting need not be given unless the meeting is adjourned for more than twenty-four (24) hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the directors who were not present at the time of the adjournment and shall be posted at a prominent place within the common area. An explanation of the action taken shall be posted at a prominent place within the common area within three (3) days after the meeting.

6.9 Action Without Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. An explanation of the action taken shall be posted at a prominent place or places within the common area within three (3) days after the written consents of all Board members have been obtained.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

7.1 Duties. It shall be the duty of the Board of Directors to:

A. Maintenance: Maintain the project in accordance with Section 5.1A of the Declaration;

B. Insurance: Maintain insurance as required by Section 8.8 of the Declaration;

C. Discharge of Liens: Discharge by payment, if necessary, any lien against the common area and assess the cost thereof to the member or members responsible for the existence of said lien (after notice and hearing as required by the Declaration);

D. Assessments: Fix, levy, collect and enforce assessments as set forth in Article IV of the Declaration;

E. Expenses and Obligations: Pay all expenses and obligations incurred by the Association in the conduct of its business including, without limitation, all licenses, taxes, or governmental charges levied or imposed against the property of the Association;

F. Records: Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members or at any special meeting when such statement is required in writing by one-fourth ($\frac{1}{4}$) of the Class A members; keep adequate and correct books and records of account, minutes of proceedings of its members, board and committees, and a record of its members giving their names and addresses and classes of membership;

G. Supervision: Supervise all officers, agents and employees of the Association and see that their duties are properly performed;

H. Enforcement: Enforce these Bylaws and the Declaration;

7.2 Powers. The Board of Directors shall have power to:

A. Manager: Employ a manager as provided in Article V, Section 5.2C of the Declaration;

B. Adoption of Rules: Adopt rules in accordance with Section 5.2D of the Declaration;

C. Assessments, Liens and Fines: Levy and collect assessments and impose fines as provided in Section 5.2F of the Declaration;

D. Enforcement: Enforce these Bylaws and/or the Declaration provided that at least fifteen (15)

days prior notice of any discipline or fine and the reasons therefor are given to the member affected, and that an opportunity is provided for the member to be heard, orally or in writing, not less than five (5) days before the effective date of the discipline or fine, said hearing to be before the Board. Notice shall be given as required by California Corporations Code Section 7341.

E. Contracts: Contract for goods and/or services in accordance with Section 5.2K of the Declaration;

F. Delegation: Delegate its authority and powers to committees, officers or employees of the Association or to a manager employed by the Association. The Board may not delegate to the manager the authority to make expenditures for capital additions or improvements chargeable against the reserve funds; to conduct hearings concerning compliance by an owner or his tenant, lessee, guest or invitee with this Declaration or rules and regulations promulgated by the Board; to make a decision to levy monetary fines, impose special assessments against individual units, temporarily suspend an owner's rights as a member of Association or otherwise impose discipline following any such hearing; to make a decision to levy regular or special assessments; or to make a decision to bring suit or institute foreclosure proceedings for default in payment of assessments. The Board may delegate to a manager any of its other duties, powers or functions. Any such delegation shall be revocable by the Board at any time. Any such manager may be either a person or a firm. The members of the Board, individually or collectively, shall not be liable for any omission or improper exercise by the manager of any such duty, power or function so delegated by written instrument executed by a majority of the Board.

7.3 Prohibited Acts.

A. The Board of Directors shall not take any of the following actions, except with the vote or written consent of a majority of the total voting power of the Association including a majority of members other than Declarant:

1. Entering into a contract with a third person wherein the third person will furnish goods or services for the common area or the Association for a term longer than one (1) year with the following exceptions:

(a) A management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration;

(b) 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;

(c) Prepaid casualty and/or liability insurance policies of not to exceed three (3) years duration provided that the policy permits short rate cancellation by the insured.

(d) Lease agreements for laundry room fixtures and equipment of not to exceed five years duration provided that the lessor under the agreement is not an entity in which the Declarant has a direct or indirect ownership interest of ten percent (10%) or more.

2. Incurring aggregate expenditures for capital improvements to the common area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

3. Selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

4. Paying compensation to members of the Board or to the officers of the Association for services performed in the conduct of the Association's business provided, however, that the Board may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

5. Levy special assessments which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

6. Fill a vacancy on the Board created by the removal of a director.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

8.1 Enumeration of Officers. The officers of this Association shall be a president and vice-president who shall at all times be members of the Board of Directors, a secretary, a chief financial officer, and such other

officers as the Board may from time to time by resolution create.

8.2 Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

8.3 Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign or shall be removed or otherwise disqualified to serve.

8.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

8.5 Resignation and Removal. Any officer may be removed from office by the Board with or without cause. Any officer may resign at any time by giving written notice to the Board, the president or the secretary.

8.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

8.7 Duties. The duties of the officers are as follows:

A. President: The president shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board are carried out, shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes except that at the president's discretion any check required as a result of a maintenance or management expense of the project may be signed by the designated management agent.

B. Vice-President: The vice-president shall act in the place and stead of the president in the event of his absence or inability or refusal to act and shall exercise and discharge such other duties as may be required of him by the Board.

C. Secretary: The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members, serve notice of meetings of the Board and the members, keep appropriate current records showing the members of the Association

together with their addresses, and shall perform such other duties as required by the Board.

D. Chief Financial Officer: The chief financial officer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, shall co-sign all checks and promissory notes of the Association except that at the chief financial officer's discretion any check required as a result of a maintenance or management expense of the project may be signed by the designated agent, shall keep proper books of account, shall prepare and distribute financial statements to each member as follows:

1. A pro forma operating statement (budget) for each fiscal year consisting of at least the following information shall be distributed not less than forty-five (45) days before the beginning of the fiscal year:

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

(b) The amount of the total cash reserves of the Association currently available for replacement or major repair of common facilities and for contingencies;

(c) An itemized estimate of the remaining life of, and the methods of funding to defray repair, replacement or additions to major components of the common areas and facilities for which the Association is responsible; and,

(d) A general statement setting forth the procedures used by the Board of Directors in the calculation and establishment of reserves to defray the cost of repair, replacement or additions to major components of the common areas and facilities for which the Association is responsible.

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 the 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 numbers of the condominium units and the name or names of the owners 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.

4. For any fiscal year in which the gross income to the association exceeds \$75,000.00, a copy of the review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy.

5. If said annual report is not prepared by an independent accountant it shall be accompanied by the certificate of an authorized officer of the Association stating that the statements were prepared without audit from the books and records of the Association.

6. In addition to financial statements, the Chief Financial Officer, on behalf of the Board of Directors, shall annually distribute within sixty (60) days prior to the beginning of the fiscal year a statement of the Association's policies and practices in enforcing its remedies against members for defaults in the payment of regular and special assessments including the recording and foreclosing of liens against member's condominium interests.

E. Delegation: The foregoing duties may be delegated to a manager appointed by the Board.

ARTICLE IX

COMMITTEES

The Association shall appoint an Architectural Control Committee as provided in the Declaration, and a Nominating Committee as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose. Chairpersons shall serve at the pleasure of the Board, and not solely the president, and members of committees shall serve at the pleasure of the chairperson of each respective committee. All hearings of the Architectural Control Committee shall be held within thirty (30) days after a written request for such hearing and only after fifteen (15) days written notice

of such hearings has been sent to all concerned parties, postage prepaid. All decisions of the Architectural Control Committee and such other appointed committees shall be in writing and shall be deemed final and binding on the parties unless the Board has received, within five days after such decision is rendered, a written appeal from the aggrieved party. The Board shall, at its discretion, re-hear the matter by giving written notice of a rehearing within thirty (30) days after receipt of the written appeal and such re-hearing date shall be scheduled no later than forty-five (45) days after receipt of the written appeal. The decision of the Board shall be final.

ARTICLE X

BOOKS AND RECORDS

10.1 Inspection by Members. The membership register (including names, addresses and voting rights), books of account and minutes of meetings of the members, of the Board, and of committees shall be made available for inspection and copying by any member of the Association or by his duly appointed representative at any reasonable time and for a purpose reasonably related to his interest as a member, at the office of the Association or at such other place within the project as the Board shall prescribe.

10.2 Rules for Inspection. The Board shall establish reasonable rules with respect to:

A. Notice to be given to the custodian of the records by the member desiring to make the inspection;

B. Hours and days of the week when such an inspection may be made;

C. Payment of the cost of reproducing copies of documents requested by a member.

10.3 Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and copies of documents, at the expense of the Association.

ARTICLE XI

ASSESSMENTS

As more fully provide in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the unit against which the assessment is made. Any assessments which are not paid within thirty (30) days after the due date shall be delinquent and shall bear interest at the rate of fifteen percent (15%) per annum from the due date until the date paid. The Association may bring an action at law against the owner personally obligated to pay the same or record a notice of assessment pursuant to Civil Code Section 1356 and foreclose the lien against the unit; interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the common area or abandonment of his unit.

ARTICLE XII

AMENDMENTS

12.1 These Bylaws may be amended only by the affirmative vote (in person or by proxy) or written consent of members representing a majority of voting power of the Association and a majority of the votes or written consent of members other than Declarant, or where the two (2) class voting structure is still in effect, by vote or written consent of a majority of each class of members. However, the percentage of voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage or affirmative votes required for action to be taken under that clause.

12.2 In the case of any conflict between the Articles of Incorporation and the Bylaws, the Articles shall control; in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control. In case any of these Bylaws conflict with the provisions of the California Condominium Act, the provisions of said statute shall control.

ARTICLE XIII

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the thirty-first (31st) day of December of every year except that the first fiscal year shall begin upon the close of escrow of the first sale of a unit and shall end on the thirty-first (31st) day of December of every year, and except further, that the Board of

Directors may from time to time establish an alternate fiscal year.

We, the undersigned, being all of the Directors of Mission Grove Homeowners Association do hereby certify:

That we are entitled to exercise all of the voting powers of said corporation;

That we hereby assent to the within and foregoing Bylaws and hereby adopt the same as the Bylaws of said corporation.

IN WITNESS WHEREOF, we have hereunto subscribed our names this 12th day of April, 1984.

[Signature]
Linda Haskel
[Signature]

[Signature]
[Signature]

I, the undersigned, the duly elected and acting secretary of Mission Grove Homeowners Association, a California nonprofit mutual benefit corporation, do hereby certify:

That the within and foregoing Bylaws were adopted as the Bylaws of said corporation on the 12th day of April, 1984, and that the same do now constitute the Bylaws of said corporation.

IN WITNESS WHEREOF, I have hereunto subscribed my name and this 12th day of April, 1984.

[Signature]