

BYLAWS

NORMANDY BY THE SEA COMMUNITY ASSOCIATION

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NORMANDY BY THE SEA COMMUNITY ASSOCIATION

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BY-LAWS
OF
NORMANDY BY THE SEA COMMUNITY ASSOCIATION

ARTICLE I
Definitions

As used herein, the following words and phrases shall have the following meanings unless the context shall expressly establish a different meaning.

1.1 "Association" shall mean and refer to the Normandy by the Sea Community Association, a California nonprofit mutual benefit corporation, the Articles of Incorporation of which were filed with the Office of the Secretary of State of the State of California on October 15, 1971. The members of said corporation are and shall be the owners of condominiums in the project. Said corporation being created for the purpose of managing the project.

1.2 "Board" and "Board of Directors" shall mean and refer to the governing body of the Association.

1.3 "Common area(s)" shall mean and refer to all of the property, excepting the individual condominium units, title to which is held by all of the owners in common. The common area includes, without limitation: such items as the following: land, pool, spa and other amenities; parking and driveway areas; trash enclosures; elevators; exterior stairs; light wells; patios and storage areas; bearing walls, columns, girders, ceiling joists, subfloors, unfinished floors, roofs, and foundations; water heaters (which serve more than one unit or which are located in the common area); reservoirs, tanks, pumps, motors, ducts, flues and chutes; conduits, pipes, plumbing, wires and other utility installations, **except** the outlets thereof when located within the unit, **and excepting** utility installations located within a unit required to provide power, light, telephone, gas, water, sewage, drainage, heat, air-conditioning, built-in fire protection devices or other like utility installations.

1.4 "Common interest" means the proportionate undivided interest in the common area that is a part of each condominium as set forth in this Declaration.

1.5 "Condominium" "Unit" and "Separate Interest" shall mean an estate in real property as defined in California Civil Code

§§783 and 1351(f), consisting of an undivided interest in common in a portion of the property and a separate interest in space called a unit.

1.6 "Condominium Plan" and "Plan" means that certain Condominium Plan recorded October 26, 1971, as file/page 246952 in the Office of the County Recorder of San Diego County, California.

1.7 "Declaration" shall mean that certain Declaration of Restrictions recorded March 2, 1972 as file/page no. 50710 in the Office of the County Recorder of San Diego County, California, and recorded amendments thereto.

1.8 "Exclusive Use Common Area" and "Restricted Common Area" shall mean that portion of the common area subject to exclusive easements in favor of one or more, but fewer than all of the owners for the uses and purposes described in the Condominium Plan and the Declaration. Each such exclusive use area shall be a part of the owner's condominium grant, but shall not be deemed to be a component of the owner's unit.

1.9 "Governing Documents" shall mean the Articles of Incorporation of Normandy By The Sea Community Association, Inc., the Declaration, these bylaws, the rules and regulations adopted by the Board of Directors and any and all other duly adopted documents which govern the operation of the project or the Association.

1.10 "Member" shall mean and refer to a person entitled to membership in the Association as provided herein.

1.11 "Mortgage" shall include a deed of trust as well as a mortgage.

1.12 "Mortgagee" shall include a beneficiary or a holder of a deed of trust as well as mortgagee.

1.13 "Mortgagor" shall include the trustor of a deed of trust as well as a mortgagor.

1.14 "Owner" or "owners" shall mean and refer to the record holder or holders of title, if more than one, of a condominium in the project. This shall include any person having a fee simple title to any condominium, but shall exclude persons or entities having any interest merely as security for the performance of an obligation. If a condominium is sold under a contract of sale and the contract is recorded, the purchaser, rather than the fee owner, shall be considered the "owner" from and after the date the Association receives the recorded contract.

1.15 "Project" or "Development" means the real property described in the recital above, and the improvements thereon.

ARTICLE II Office

The principal office for the transaction of the business of the Association is hereby fixed and located within the Project, or as close thereto as practicable in the County of San Diego, State of California. The Board is hereby granted full power and authority to change said principal office from one location to another within said County.

ARTICLE III Members

Section 1 - Membership. Each person or entity who is an Owner, as defined in above, shall be a member of the Association. The provisions of these Bylaws, which are binding upon all members, are not exclusive, and members shall also be subject to the terms and provisions of the Articles of Incorporation, the Declaration and the Association Rules.

Section 2 - Termination of Membership. Membership in the Association shall automatically terminate when such member no longer holds an interest in a Condominium entitling him or her to such membership.

Section 3 - Voting Rights. The Association shall have voting rights and requirements as are set forth in the Declaration. Each membership shall have one (1) vote for each condominium unit owned. No fractional votes shall be allowed.

Section 4 - Plural Memberships. A member may own more than one (1) membership in the Association by complying with the qualifications of membership as to more than one (1) Condominium as set forth in Sections 1 and 3 of this Article.

Section 5 - Assessments. The members shall be jointly, severally and personally liable for payment of such Assessments as may from time to time be fixed and levied by the Board pursuant to the provisions of the Declaration and these Bylaws.

Section 6 - Enforcement of Payment of Assessments. Should any member fail to pay his assessments, the Association, in the discretion of the Board, shall have the right to enforce payment of such assessments pursuant to the Declaration.

Section 7 - Association Rules; Enforcement. The following provisions shall govern the promulgation of the Association Rules authorized by the Declaration which shall include the establishment of a system of fines and penalties:

(a) The Board in its discretion shall adopt such rules and regulations as are consistent with and in furtherance of existing law, the Declaration, the Articles and these Bylaws. Such rules and regulations shall take effect as the Association Rules.

(b) The Board in its discretion shall adopt a list of specific fines and penalties for the violation by any member of the provisions of the Declaration, the Articles, these Bylaws and the Association Rules, including suspension of voting and other rights of members; provided, however, no such violation shall entitle the Board or the Association to cause a forfeiture or abridgement of a member's rights to full use and enjoyment of the unit of his Condominium, including all necessary access thereto. Such fines and penalties shall be binding on all members and may be enforceable by the Board as a Special Assessment.

(c) Any Association Rules promulgated pursuant to this Section shall provide that no fine or penalty shall be levied without the following procedural safeguards:

(i) A written statement of the alleged violations shall be mailed to any member against whom such charges are made by first-class, certified or registered mail, addressed to such member at his last address as shown on the Association records, and such written statement shall set forth the place, time and date (which date shall be not less than fifteen (15) days after the date of mailing of such statement) on which the charges shall be heard;

(ii) The Board shall appoint a panel of three (3) persons (one of whom shall be designated as chairperson) who may or may not be board members or members and who shall hear the charges and evaluate the evidence of the alleged violation;

(iii) At such hearing the member so charged shall have the right to present oral and written evidence and to confront and cross-examine adverse witnesses; and

(iv) Within thirty (30) days after the conclusion of such hearing, the panel shall notify the member so charged by first-class or registered mail of its decision, which notice shall specify the fines or penalties to be imposed or levied, if any, and the reasons therefor, and which notice shall state that such fines or penalties shall become effective on a date certain

which shall not be less than fifteen (15) days after the date on which such notice is mailed to such member.

(d) In the event that a member shall correct an alleged violation prior to the hearing date, the Board shall discontinue the proceedings.

ARTICLE IV Meetings of Members

Section 1 - Place of Meeting. All meetings of members shall be held at the principal office of the Association, or, if not feasible, at such other place in said County as may be fixed from time to time by resolution of the Board.

Section 2 - Annual Meetings. An annual meeting of members shall be held in September of each year at date, time and place as may be noticed by the Board. The Board shall fix the place and hour for the holding of such meeting. Regular meetings of members shall be held not less frequently than once each calendar year.

Section 3 - Special Meetings. Special meetings of the members for any purpose shall be called by the Board upon the request of the President, upon the vote for such a meeting by a majority of a quorum of the Board, or upon receipt of a written request therefor signed by members representing not less than five percent (5%) of the total voting power of the Association. If a special meeting is called by members other than by the Board, the request shall be submitted by the members in writing, specifying the general nature of business proposed to be transacted, and shall be delivered personally or sent by registered or certified mail or by telegraphic or other facsimile transmission to any members of the Board, who shall, upon receipt of request, cause notice to be promptly given to members entitled to vote, in accordance with Section 4 of this Article.

Section 4 - Notices of Meetings.

(a) Manner of Giving Notice. Notice of any meeting of members, both annual and special, shall be given either personally or by first-class mail, telegraphic or other written communication, charges prepaid, addressed to each member either at the address of that member appearing on the books of the Association or the address given by the member to the Association for the purpose of notice. If no address appears on the Association's books and no other address has been given, notice shall be deemed to have been given if notice has been posted at the Association's principal office. Notice shall be deemed to

have been given at the time when delivered personally or deposited in the mail or sent by telegram or other means of written communication. Except in emergency situations, where the notice period may be shortened by the Board, all such notices shall be sent to each member entitled thereto not less than ten (10) days nor more than sixty (60) days before the date of any meeting at which members are required or permitted to take any action, and shall specify the place, day and hour of such meeting, and in case of special meetings, the general nature of the business to be undertaken. Notice of all meetings, whether regular or special, shall be posted in a prominent place on the common area. When any meeting of members either annual or special, is adjourned for thirty (30) days or more, notice of the time and place of the adjourned meeting shall be given as in the case of an original meeting. No meeting may be adjourned for more than 45 days.

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

- (i) Removing a director without cause;
- (ii) Filling vacancies on the Board by the members;
- (iii) Amending the Articles;
- (iv) Approving a contract or transaction in which a director or member has a material financial interest;
- (v) Election to wind-up and dissolve the Association; or
- (vi) Approving a plan of distribution of assets, other than money, not in accordance with the liquidation rights of any member.

Section 5 - Consent of Absentees. If, following the holding of any meeting of the members, either annual or special, at which a quorum is present, any proposed action is favored by majority of the votes cast at such meeting, but such votes are less than the requisite number thereof for the approval of such proposed action, members who were not present in person or by proxy may give their consent in writing provided same is obtained not later than sixty (60) days before or thirty (30) days after the date of such meeting.

Section 6 - Quorum. The presence at a meeting of members through presence in person or by proxy, or any combination thereof, entitled to cast fifty percent (50%) of the voting power shall constitute a quorum for any action except as otherwise provided in the Articles, the Declaration, or these Bylaws. If any meeting cannot be held because a quorum is not present, the members present, either in person or by proxy, may adjourn the meeting to a time not more than thirty (30) days from the time the original meeting was called. 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. Except where a greater portion of the voting power is required by the Articles, the Declaration, or these Bylaws, a majority of the voting power present, in person or by proxy, shall determine any proposition.

Section 7 - Proxies.

(a) **Rights of Members.** Every member entitled to vote or execute consents shall have the right to do so either in person or by an agent or agents authorized by a written dated proxy executed by such member or his duly authorized agent and filed with the Secretary of the Association.

(b) **Form of Solicited Proxies.** The Board may prescribe the form of written proxies. In any election of directors, any form of proxy that is marked by a member "withhold," or otherwise marked in a manner indicating that the authority to vote for the election of directors is withheld, shall not be voted either for or against the election of a director. Failure to comply with this subparagraph shall not invalidate any election of directors held, but may be the basis for challenging the proxy at a meeting.

(c) **Effect of Member's Death.** A proxy is not revoked by the death or incapacity of the maker unless, before the vote is counted, written notice of the death or incapacity is received by the Association.

(d) No proxy shall be valid with respect to a vote on any of the proposals noted in Section 4(b) above unless the general notice of such matter is set forth in the proxy.

Section 8 - Action by Members in Lieu of a Meeting. Any action which may be taken by the vote of members at a regular or special meeting, except the election of Board members where cumulative voting is a requirement, may be taken without a

meeting if done in compliance with the provisions of Section 7513 of the California Corporations Code.

Section 9 - Entry of Notice. Whenever any member entitled to vote has been absent from any meeting of members, whether annual or special, a copy of the notice sent, or any entry in the minutes to the effect that notice has been duly given shall be prima facie evidence that due notice of such meeting was given to such member as required by law and by the Articles, Declaration and these Bylaws.

Section 10 - Order of Business. The order of business of all meetings of the members shall be as follows:

- (a) roll call of members and proxies;
- (b) proof of notice of meeting or waiver of notice;
- (c) reading of minutes of the preceding meeting or waiver of such;
- (d) reports of the Board, Committees, officers, and manager;
- (e) election of directors, if any are to be elected;
- (f) appointment of election committee by President;
- (g) unfinished business; and
- (h) new business.

Section 11 - Parliamentary Procedure. All questions of parliamentary procedure shall be decided in accordance with Roberts Rules of Order.

ARTICLE V **Directors**

Section 1 - Powers. In addition to the powers and duties of the Board as set forth in the Declaration, or elsewhere in these Bylaws, and subject to limitations of the Declaration or these Bylaws, and of the California Corporation Code as to action to be authorized or approved by the members, all corporate powers shall be exercised by, or under the authority of, and the business and affairs of the Association shall be controlled by, the Board. Without prejudice to such general powers but subject to the same limitations, the Board is vested with and shall have the following powers:

(a) To approve and remove all agents and employees of the Association, to prescribe such powers and duties for them as may be consistent with law, with the Articles, the Declaration and/or these Bylaws, to fix the compensation of agents and employees and to require from them security for faithful service when deemed advisable by the Board;

(b) To conduct, manage and control the affairs and business of the Association, and to enforce such rules and regulations therefor consistent with law, with the Articles, the Declaration and/or these Bylaws, as the Board may deem necessary or advisable;

Section 2 - Number and Qualifications of Directors. The Board shall consist of five (5) directors until changed by an amendment of these Bylaws, fixing or changing such number, but in no event shall the authorized number be less than three (3). A person may serve as a director without being a member, but a majority of the Board must, at all times, be members of the Association.

Section 3 - Election and Term of Office. The term of office for directors shall be two (2) years. The terms of the directors shall be staggered with two directors being elected in odd numbered years and three directors being elected in even numbered years. All directors shall hold office until their respective successors are elected, qualified and acting.

Section 4 - Voting for Directors. Voting for directors shall be by written ballot. The election of members to the Board may be cumulative voting as described herein, provided a candidate's name has been placed in nomination prior to the voting and a member of the Board has given notice at the meeting prior to the voting that cumulative voting shall be utilized. If any member has given notice of an intention to cumulate votes, then all members shall have the right to cumulate their votes for candidates in nomination. Under cumulative voting, each member, either in person or by proxy, may give a single candidate the number of votes equal to the number of directors to be elected multiplied by the number of votes the member is entitled to exercise, or the member may distribute these cumulated votes among any two or more candidates as the member desires. The candidates receiving the highest number of votes up to the number of Board members to be elected shall be elected. Election of directors shall not be made by written (mail) ballot.

Section 5 - Election Committee. An Election Committee shall be appointed annually by the Board to make rules for and supervise nominations, voting procedures, voting requirements and

the orderly and fair election of directors. The Election Committee shall consist of a Chairman and two (2) or more persons who shall be members. The Election Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations shall be made at a time so as to permit the Secretary or other persons giving notice to members of such meeting to include a list of such nominations therewith. Nominations to serve on the Board may also be made by a petition to the Board of Directors bearing the signature of the person to be nominated and the signatures of at least two (2) other members. Such petition shall be delivered to the Board not less than 45 days before the meeting at which directors are to be elected. The Secretary shall include the name of such a nominee in the notice to the members of the meeting together with the list of nominations by the elections committee. Nominations to serve on the Board may also be made from the floor at any meeting of the members at which directors are elected

Section 7 - Removal of Directors. At any regular or special meeting of the members, notice of which has been properly given as provided in these Bylaws, the entire Board or any individual director may be removed from office as hereinafter set forth, provided that the same notice of said special meeting has also been given to said entire Board or any individual director whose removal is to be considered at such special meeting. The entire Board may be removed from office by a majority of the affirmative votes cast in the voting on any motion or resolution for removal. However, unless the entire Board is removed by the vote of members, an individual director may not be removed prior to the expiration of his or her term if the number of votes cast against his or her 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 number of directors authorized at the time of the most recent election of directors were then being elected. Upon any such motion or resolution of removal, every member may cumulate his vote or votes, as the case may be. In the event that any or all directors are so removed, new directors shall be elected at the same meeting in the manner provided in Section 4 of this Article.

Section 8 - Vacancies. A vacancy or vacancies on the Board shall be deemed to exist in case of the death, resignation or removal of any director, or in the case of a declaration of the Board of a vacancy by reason of a director having not attended three (3) or more consecutive regular meetings of the board or by reason of such director having been declared of unsound mind by an order of court or convicted of a felony or having been found by final order or judgment by any court to have breached a duty under Sections 7230 and following of the California Non-Profit

Corporation Law or any similar statutory section then in effect. If the members shall increase the authorized number of directors but shall fail to elect additional directors as provided for at the meeting at which such increase is authorized, or at an adjournment thereof, or in case the members fail to at any time elect the full number of the authorized directors, a vacancy or vacancies shall also be deemed to exist. Vacancies on the Board created other than by removal may be filled by a vote of 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 the next annual meeting of members or at a special meeting called for that purpose. Vacancies on the Board created by removal may only be filled by the vote of members. The members may at any time elect a director to fill any vacancy not filled by the directors, and may elect the additional directors at the meeting at which an amendment of the Articles or Bylaws is voted authorizing an increase in the number of directors. If any director tenders his resignation to the Board, the Board shall have 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.

Section 9 - Place of Meetings. All meetings of the Board shall be held at the principal office of the Association, or at any other place or places within said County designated at any time by resolution of the Board.

Section 10 - Organization Meeting. Immediately following each annual meeting of the members, the Board shall hold a regular meeting for the purpose of organization, election of officers and the transaction of other business. Notice of such meeting is hereby dispensed with.

Section 11 - Other Regular Meetings. Other regular meetings of the Board may be fixed from time to time by resolution of the Board, provided the Board must meet at least every three (3) months. Notice of the time and place of any regular meeting shall be posted at a prominent and accessible place on the common area and shall be communicated to the directors not less than three (3) days prior to the meeting.

Section 12 - Special Meetings; Notices. Special meetings of the Board for any purpose may be called at any time by the President or by any two (2) directors other than the President. Except in cases of emergency, not less than twenty-four (24) hours prior to the scheduled time set for any special meeting of the Board, written notice of the time and place of such special meeting and the nature of any special business to be considered

thereat shall be posted in a prominent and accessible place on the common area and shall be communicated to the directors by telephone or mail.

Section 13 - Entry of Notice. Whenever any director has been absent from any special meeting of the Board, an entry in the minutes to the effect that notice has been duly given shall be prima facie evidence that due notice of such special meeting was given to such director as required by law and by these Bylaws.

Section 14 - Waiver of Notice. The transaction of any business at any meeting of the Board, however called and noticed to the directors, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting, each of the directors not present signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the records of the Association or made a part of the minutes of the meeting.

Section 15 - Quorum. A majority of the number of directors as fixed by these Bylaws shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision made or done by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board.

Section 16 - Adjournment. A majority of a quorum of the directors may adjourn any Board meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the directors present at any Board meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 17 - Compensation. No director shall receive any compensation for any service he may render to the Association as such director; provided, however, he may be reimbursed for actual out-of-pocket expenses incurred by him in the performance of his duties as a director.

Section 18 - Presiding Officer. The President of the Board shall act as Chairman and shall preside at all meetings of the Board.

Section 19 - Attendance of Board Meetings by Members. Regular and special Board meetings shall be open to all members; provided, however, no member who is not an officer or director shall be recognized to participate in any deliberation or

discussion unless expressly authorized by a majority of a quorum of the Board. The Board may, upon the vote of a majority of the Board's quorum, adjourn a Board meeting and reconvene in executive session exclusive of all members who are not directors to discuss and vote upon personnel matters, litigation in which the Association is or may become involved and other similar matters requiring confidentiality. The general nature of any and all business to be so considered in executive session shall be announced in open session.

Section 20 - Action by Written Consent in Lieu of Meeting.

Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board shall individually or collectively consent in writing to such action; provided, however, if the Board takes action by unanimous written consent of all of its members, a written explanation of such action taken shall be posted at a prominent place or places within the Project within five (5) days after the written consent of all directors has been obtained. Such written consent or consents shall be filed with the minutes of the proceedings of the Board and shall state that the action was taken by unanimous written consent of the Board without a meeting, and that these Bylaws authorized the directors to so act. Such action by written consent shall have the same force and effect as a unanimous vote of such directors.

ARTICLE VI
Officers

Section 1 - Officers. The officers shall be a President, a Vice President, and a Secretary and Chief Financial Officer (Treasurer), who shall be appointed by and who shall hold office at the pleasure of the Board. There may also be, at the discretion of the Board, such other officers as may be appointed in accordance with the provisions of this Article. The offices of Secretary and Chief Financial Officer may be held by the same person. All offices, except the President, may be held by someone who is not a member of the Board.

Section 2 - Subordinate Officers. The Board may appoint such other officers as the business of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as the Board may from time to time determine.

Section 3 - Removal and Resignation. Any officer may be removed, either with or without cause, by the vote of a majority of all of the Directors at any regular or special meeting at which a quorum is present. Any officer may resign at any time by

giving written notice to the Board or to the President or to the Secretary of the Association. Any such resignation shall take effect as of the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4 - Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws.

Section 5 - President. The President shall be the chief executive officer of the Association and shall, subject to the control of the Board, have general supervision, direction and control of the affairs of the Association. He or she shall be an ex-officio member of all standing committees, if any, and shall have the general powers and duties of management of the Association.

Section 6 - Vice President. In the absence or disability of the President, the Vice President shall perform all the duties of the President, and when so acting shall have the powers of, and be subject to all the restrictions upon, the office of the President. The Vice President shall have other powers and perform such other duties as from time to time may be prescribed for him or her by the Board or these Bylaws.

Section 7 - Secretary . The Secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the Board may order, of all meetings of directors and members, with the time and place of the holding of same, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present or represented at members' meetings and the proceedings thereof. The Secretary shall keep, or cause to be kept, at the principal office, a membership register showing the following: (1) the names, addresses and telephone numbers of all members of the Board; (2) the names of the members and their addresses and telephone numbers; (3) the property to which each membership relates; (4) the names and telephone numbers and lease information for all tenants; and (5) the name of the mortgage holder and individual insurance provider for each unit. The Secretary shall give, or cause to be given, notice of all meetings of the members and of the Board required by the Bylaws or by law to be given; and shall have such other powers and perform such other duties as may be prescribed by the Board or by these Bylaws.

Section 8 - Chief Financial Officer. The Chief Financial Officer, (Treasurer) shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties

and business transactions of the Association. The books of account shall at all reasonable times be open to inspection by any director or by any member. He or she shall deposit all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. He or she shall disburse the funds of the Association as may be ordered by the Board, shall render to the President and directors whenever they request it an account of all of his transactions of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

Section 9 - Compensation. No officer shall receive any compensation for any service he may render to the Association as such officer; provided, however, any officer may be reimbursed for actual out-of-pocket expenses incurred by him in the performance of his duties as such officer.

ARTICLE VII
Indemnification of Directors, Officers and Other Agents

Section 1 - Definitions. For the purpose of this Article:

(a) "Agent" means any person who is or was a director, officer, employee, or other agent of the Association.

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

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

Section 2 - Successful Defense by Agent. To the extent that an agent of the Association has been successful on the merits in the defense of any proceeding referred to this Article, or in the defense of any claim, issue, or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection with the claim. If an agent either settles any such claim or sustains a judgment rendered against him, then the provisions of Section 3 to 5, inclusive, shall determine whether the agent is entitled to indemnification.

Section 3 - Actions Brought By Persons Other Than The Association. Subject to the required findings to be made pursuant to Section 5, below, the Association shall indemnify any person who was a party, or is threatened to be made a party, to

any proceeding other than an action brought by, or on behalf of, the Association, or by an officer, director or person granted related status by the Attorney General, or by the Attorney General on the ground that the defendant director was or is engaging in self-dealing within the meaning of Section 5233 of the California Non-Profit Corporation Law or any similar statutory section then in effect by reason of the fact that such person is or was an agent of the Association, for all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with the proceeding.

Section 4 - Action Brought By Or On Behalf Of The Association.

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

(b) **Claims and Suits Awarded Against Agent.** The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action brought by or on behalf of the Association, for all expenses actually and reasonably incurred in connection with the defense of that action, provided that both of the following are met:

(i) The determination of good faith conduct required by Section 5, below, must be made in the manner provided for in that section; and

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

Section 5 - Determination of Agent's Good Faith Conduct.
The indemnification granted to an agent in Sections 3 and 4, above, is conditioned on the following:

(a) **Required Standard of Conduct.** The agent seeking reimbursement must be found, in the manner provided below, to have acted in good faith, in a manner he believed to be in the best interest of the Association, and with such care, including reasonable inquiry as an ordinarily prudent person in a like

position would use in similar circumstances. The termination of any proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith or in a manner which he reasonably believed to be in the best interest of the Association or that he had reasonable cause to believe that his conduct was unlawful. In the case of a criminal proceeding, the person must have had no reasonable cause to believe that his conduct was unlawful.

(b) Manner of Determination of Good Faith Conduct.

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

(i) the Board by a majority vote of a quorum consisting of directors who are not parties to the proceeding; or

(ii) the affirmative vote (or written ballot) of a majority of the total votes of the members of the Association, with the persons to be indemnified not being entitled to vote hereon; or

(iii) the court in which the proceeding is or was pending, upon application made by the Association or the agent or the attorney or other person rendering services in connection with the defense of the agent, whether or not the application by the agent, attorney, or other person is opposed by the Association.

Section 6 - Limitations. No indemnification or advance shall be made under this Article, except as provided in Sections 2 or 5 (b) (iii), in any circumstance when it appears:

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

(b) that the indemnification would be consistent with any condition expressly imposed by the court in approving a settlement.

Section 7 - Advance of Expenses. Expenses incurred in defending any proceeding may be advanced by the Association before the final disposition of the proceeding on receipt of an undertaking by or on behalf of the agent to repay the amount of the advance unless it is determined ultimately that the agent is entitled to be indemnified as authorized in this Article.

Section 8 - Contractual Rights of Non-Directors and Non-Officers. Nothing contained in this Article shall affect any right to indemnification to which persons other than directors and officers of the Association, or any subsidiary hereof, may be entitled by contract or otherwise.

Section 9 - Insurance. In addition to insurance required by the Declaration, the Board may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the Association against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the Association would have the power to indemnify the agent against the liability under the provisions of this Article.

ARTICLE VIII **Records and Reports**

Section 1 - Inspection Rights. Any member of the Association may:

(i) inspect and copy the records of members' names and addresses and voting rights during usual business hours on five (5) days prior written demand on the Association, stating the purpose for which the inspection rights are requested; and

(ii) obtain from the Secretary, on written demand a list of names and addresses of members who are entitled to vote for the election of directors, and their voting rights, as of the most recent record date for which that list has been compiled, or as of a date specified by the member after the date of demand. The demand shall state the purpose for which the list is requested. This list shall be made available to any such member by the Secretary on or before the later of ten (10) days after the demand is received or the date specified in it as the date by which the list is to be compiled. Any inspection and copying under this Article may be made in person or by an agent or attorney of the member, and the right of inspection includes the right to copy and make extracts.

Section 2 - Maintenance and Inspection of Declaration and Bylaws. The Association shall keep at its principal office the original or a copy of the Declaration of Restrictions and Bylaws as amended to date, which shall be open to inspection by the members at all reasonable times during office hours.

Section 3 - Maintenance and Inspection of Other Records. The accounting books, records, and minutes of proceedings of members and the Board and any committee(s) of the Board shall be

kept at such place or places designated by the Board, or, in the absence of such designation, at the principal office of the Association. The minutes shall be kept in written or typed form, and the accounting books and records shall be kept either in written or typed form or in any other form capable of being converted into written, typed or printed form. The minutes and accounting books and records shall be open to inspection on the written request of any member at any reasonable time during usual business hours for a purpose reasonably related to the member's interests as a member. The inspection may be made in person or by an agent or attorney, and shall include the right to copy and make extracts at the member's expense.

Section 4 - Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind and the physical properties of the Association. This inspection by a director may be made in person or by an agent or attorney, and the right of inspection includes the right to copy and make extracts of documents.

ARTICLE IX **Miscellaneous**

Section 1 - Record Date. Members of record on the date of a notice of such regular or special meeting shall be entitled to notice of such meeting and members of record on the date of such meeting shall be entitled to vote at such meeting.

Section 2 - Checks and Drafts. 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 officer or officers and in such manner as, from time to time, shall be determined by resolution of the Board.

Section 3 - Contracts; How Executed. The Board, except as in the Declaration and these Bylaws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Association by a contract or engagement or to engage its credit or to render it liable for any purpose or for any amount.

Section 4 - Financial Reports. The Board shall cause the financial statements and information for the Association set

forth below to be prepared and distributed to the membership (one to each membership interest) within the respective time limits, as follows:

(a) A budget for each fiscal year consisting of at least the following information shall be distributed not less than 45 days nor more than 60 days prior to the beginning of the fiscal year with the notice of the regular annual meeting.

(i) Estimated revenue and expenses on an accrual basis.

(ii) The amount of the total cash reserves of the Association currently available for replacement or contingencies, if any.

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

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

(b) A report consisting of the following shall be distributed within 120 days after the close of the fiscal year.

(i) A balance sheet as of the end of the fiscal year.

(ii) An operating (income) statement for the fiscal year.

(iii) A statement of changes in financial position for the fiscal year.

(iv) Any information required to be reported under Section 8322 of the California Non-Profit Corporation Law, Section 1365 of the California Civil Code or any similar statutory section then in effect.

(v) For any fiscal year in which the gross income to the Association exceeds \$75,000, a copy of the review of the annual report prepared in accordance with generally accepted accounting principles by a license of the California State Board of Accountancy.

(c) If the report referred to in (b) above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statement was prepared from the books and records of the Association without independent audit or review.

(d) Not more than sixty (60) days and not less than forty-five (45) days before the beginning of the fiscal year, a statement as to the association's policies and practices in enforcing the lien rights or other legal remedies for the default in the payment of assessments shall be included with the notice of the regular annual meeting.

Section 5 - Fiscal Duties of Board of Directors. The Board shall have the following duties with regard to fiscal matters:

(a) The Board of Directors shall do all of the following:

(i) Review a current reconciliation of the association's operating accounts on at least a quarterly basis;

(ii) Review a current reconciliation of the association's reserve accounts, if any, on at least a quarterly basis;

(iii) Review, on at least a quarterly basis, the current year's actual reserve revenues and expenses, if any, compared with the association's budget;

(iv) Review the latest account statements prepared by the financial institutions where the association has its operating and reserve accounts;

(v) Review an income and expense statement for the association's operating and reserve accounts on at least a quarterly basis.

(b) The signatures of at least two persons, who shall be members of the board of directors or, one officer who is not a member of the board of directors and a member of the Board of directors, shall be required for the withdrawal of moneys from the association's reserve accounts, if any.

Section 6 - Singular Includes Plural. Wherever the context of these Bylaws requires same, the singular shall include the plural and the masculine shall include both feminine and the neuter.

Section 7 - Fiscal Year. The fiscal year of the Association shall be October 1 through September 30 unless and until a different fiscal year is adopted by vote of the members.

Section 8 - Proof of Membership. No person shall exercise the rights of membership in the Association until satisfactory proof thereof has been furnished to the Secretary or his or her designate. Such proof may consist of either a copy of a duly executed and acknowledged grant deed or title insurance policy showing said person to be the Owner of an interest in a Condominium entitling him to membership. Such deed or policy shall be deemed conclusive in the absence of a conflicting claim based on a later deed or policy.

Section 9 - Conflicts. In the case of any conflict between the Articles and these Bylaws, the Articles shall control; in the case of any conflict between the Declaration and these Bylaws; the Declaration shall control; and in the case of any conflict between the Declaration and the Articles, the Declaration shall control.

Section 10 - Amendment. These Bylaws may be revoked or amended by the vote or written assent of a majority of the members voting power of the Association. Any such amendment or revocation shall be effective upon notice of such amendment given to all members of the Association.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

That I am the duly elected, qualified and acting secretary of the NORMANDY BY THE SEA COMMUNITY ASSOCIATION, and that the foregoing Bylaws, consisting of 22 pages, not including this page, constitute the Bylaws of said Association as duly adopted by the members of the Association on March 10, 1978, 1988.

IN WITNESS WHEREOF, I have subscribed my name this 20 day of October, 1988.

Priscilla B. Boyle

GENERAL ACKNOWLEDGMENT

NO. 201

State of California }
County of San Diego } SS.

On this the 20th day of October, 1988, before me,

Eileen M. Robbins,

the undersigned Notary Public, personally appeared

Priscilla B. Boyle;

personally known to me
 proved to me on the basis of satisfactory evidence
to be the person(s) whose name(s) is subscribed to the
within instrument, and acknowledged that she executed it.
WITNESS my hand and official seal.



Eileen M. Robbins
Notary's Signature

IG 122

NATIONAL NOTARY ASSOCIATION • 23012 Ventura Blvd. • P.O. Box 4625 • Woodland Hills, CA 91364

**NORMANDY BY THE SEA
COMMUNITY ASSOCIATION**

Notice to Members Regarding Amendment of Bylaws

The Members of the Association have approved the following amendment to the Bylaws of the Association:

Article V, Section 21:

"Restriction on Board of Directors Members Delinquent in Payment of Assessments. Any member of the Board of Directors who is delinquent in the payment of assessments to the Association with respect to any unit owned by such member in an amount equivalent to two (2) months of assessments, at the end of any calendar month, shall not be entitled to participate in discussions or vote at board meetings on any financial matter relating to the Association. Any member of the Board of Directors who is delinquent in the payment of assessments to the Association with respect to any unit owned by such member in an amount equivalent to three (3) months of assessments, at the end of any calendar month, shall automatically and immediately have their membership on the Board terminated."


CERTIFICATE OF SECRETARY

The Undersigned Hereby Certifies:

(1) I am the duly elected and Acting Secretary of the Normandy By The Sea Community Association.

(2) That the foregoing amendment adding a new section 21 to Article V of the Bylaws of the Normandy By The Sea Community Association was adopted by a vote of a majority of all of the members of the association at a duly noticed meeting of the members held on September 19, 1993.

Dated: 11-17-93



Secretary of the Normandy By The Sea
Community Association

PLEASE ATTACH A COPY OF THIS NOTICE TO YOUR COPY OF THE BYLAWS