

ARTICLE I Definitions

The following terms used in these By-Laws are defined as follows:

1. "Association" means OAK SHORES COMMUNITY ASSOCIATION, its successors and assigns.
2. "Community Services" shall include any and all of the purposes now set forth in the Articles of Incorporation of the Association, or as the same may be amended hereafter, including but not limited to the landscaping and maintenance of lots, whether vacant or not.
3. "Common Area" and "Common Facilities" shall mean all real and personal property owned, leased, controlled, or occupied by the Association for the common use and enjoyment of the members of the Association.
4. "Service Area" shall mean and refer to all of the real property described in Exhibit "A" attached hereto, and any additions thereto as may hereafter be brought within the jurisdiction of the Association.
5. "Lot" shall mean and refer to a recorded lot within Tract No. 378, or such additional real property as may be annexed thereto, but shall not mean or include any common area lot or public streets and alleys.
6. "Member" shall mean and refer to every person or entity who holds membership in the Association.
7. "Owner" shall mean and refer to one or more persons or entities who are the record owner of a fee simple title, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.
8. "Declarant" shall mean and refer to General Resource Development, a California corporation, its successors and assigns.
9. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the properties recorded in the office of the County Recorder, County of San Luis Obispo, State of California.
10. "Deed of Trust" shall mean the conveyance of any lots or other portion of the property to secure the performance of an obligation.
11. "Living Unit" shall mean and refer to any building or portion of a building situated on the property designed and intended for use as a single residential unit and mobile homes situated on the property.
12. "Renter" shall mean and refer to one or more persons or entities who are the lessee of all or a portion of any lot or living unit within Tract 378 or such additional real property as may be annexed thereto.

ARTICLE II Office

Principal Office: The principal office for the transaction of the business of the Association is hereby fixed and located in the County of San Luis Obispo, State of California. The Board of Directors is hereby granted full power and authority to change said principal office from one location to another with San Luis Obispo County.

ARTICLE III Members

Section 1. Membership: There shall be two types of memberships in the Association, members and associate members. Every owner or renter of a lot or living unit (including Declarant) which is subject by covenants of record to assessment by the Association, shall be a member of the Association provided, however, that no lot or living unit shall have more than four owners or renters. Every member of the Association shall be subject to the provisions of the Articles of Incorporation and the Declaration. The foregoing is not intended to include persons or entities who hold an interest merely as security for performance of an obligation.

Section 2. Associate Members: The following shall be entitled to associate membership in the Association:

- (a) Co-owners or co-renters of any lot or living unit (not exceeding four such co-owners or co-renters with respect to any one lot or living unit);
- (b) Any person who is a tenant in a guesthouse, inn or hotel facility on the property;
- (c) Officers and directors of the Association who are not otherwise members;
- (d) Officers and employees of Declarant and of Declarant's marketing organization;
- (e) Shall have no rights to vote or receive notices of any meeting. Associate members shall not be required to pay dues or assessments, but they shall be entitled to enjoy all privileges of membership subject to their observance of

rules and regulations of the Association. Associate membership shall cease automatically on termination of the status giving rise to such membership.

Section 3. Voting Rights: Members, other than associate members, shall be either Class "A" members or Class "B" Members. Class "A" members shall be entitled to one vote for each lot or living unit in which they hold the interest required for membership. Except as provided below, Declarant, the sole Class "B" member, shall be entitled to three votes for each lot in which it holds the interest required for membership. Said voting rights shall be subject to the restrictions and limitations provided hereinafter and in the Articles of Incorporation of the Association and the Declaration. Upon the first to occur of the following, Class "B" membership shall cease and be converted into Class "A" membership:

- (a) When the total number of votes to which Class A members are entitled equals the total number of votes to which the Class B member is entitled; or
- (b) Three years from the date of the last final public report issued on the property.

Section 4. Voting: In all matters which shall be presented for a vote of the members, each member defined as of the record date as in Section I of Article VII of these By-Laws shall be entitled to the number of votes set forth in Section 3 of this Article III; provided, however, that pursuant to Section 2235 of the Corporations Code of the State of California, on any vote for the election or removal of Directors of this Association, every member may cumulate his vote or votes as the case may be, and may give one candidate number of votes equal to the number of directors to be elected, multiplied by the number of votes to which the member is entitled, or said member may distribute his votes on the same principle among as many candidates as the member thinks fit. The candidates receiving the highest number of votes up to the number of directors to be elected are elected. Where co-ownership of lots exists, only one individual owner will cast a vote, thereby eliminating 1/2, 1/3 and 1/4 votes on the same lot, and all votes will be counted as whole votes.

Section 5. Transfer: The membership held by any owner or renter of a lot or living unit shall not be transferred, pledged or alienated in any way, except upon the sale of such lot or living unit and then only to the purchaser of such lot or living unit. 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 the owner of any lot or living unit should fail or refuse to transfer the membership registered in his name to the purchaser of such lot or living unit, the Association shall have the right to record the transfer upon the books of the Association and shall issue a new certificate to the purchaser, and thereupon the old certificate outstanding in the name of the seller shall be null and void as though the same had been surrendered.

Section 6. Termination of Membership: Membership in the Association shall automatically terminate when such member sells and transfers his interest in the lot or living unit.

Section 7. Membership Certificates and Identification Cards: In its discretion, the Board of Directors of the Association may, but need not, issue appropriate membership certificates and identification cards evidencing membership and associate membership in the Association.

Section 8. Plural Membership: A member may own more than one membership in this Association by complying with the qualifications of membership as set forth in Section 1 of this Article.

Section 9. Dues and Assessments: The members of the Association shall be jointly, severally and personally liable for the payment of such dues and assessments as may from time to time be fixed and levied by the Board of Directors pursuant to the provisions of Article V, Section 1 (e) and (f) of these By-Laws; provided, however, that such levy must be applied in a uniform manner among all members. If such dues and assessments are not paid by the member when they are due, as set by the Board of Directors, they shall bear interest from date of delinquency at the then legal rate, shall be subject to a late charge and shall become a lien and charge against the lot or living unit owned or rented by the member in accordance with the Declaration.

Section 10. Fines: The Board of Directors shall have the power to impose on any member fines in such amounts as it may deem reasonable for violations of the provisions of these By-Laws, the Declaration or any rules and regulations of the Association by that member or any family member, tenant or guest of a member or associate member whose privileges of membership arise by reason of his relationship to a member. If such fines are not paid by the member when they are due, as set by the Board of Directors, they shall bear interest from the date of delinquency at the legal rate, shall be subject to a late charge and shall become a lien and charge against the lot or living unit owned or rented by the member in accordance with the Declaration provisions relating to assessments.

Section 11. Privileges of Membership: Members and associate members and their guests, family members, tenants or regular occupants of any living unit shall have the use of the streets, common area and common facilities subject to the Declaration and such rules and regulations as may be adopted by the Board of Directors of the Association.

Section 12. Exoneration of Association and its Agents: Neither the Association nor any of its officers, directors, employees or other agents shall be liable to any member or associate member or family member or guest of a member or associate member for any acts or omissions taken or made in good faith which are not grossly negligent or willful.

Section 13. Indemnification of Directors, Officers and Employees:

(a) When a person is sued, either alone or with others, because he is or was a director, officer, or employee of the Association, in any proceeding (whether brought by the Association, its receiver, its trustee, one or more of its members or creditors, any governmental body, any public official, or any private person or corporation, domestic or foreign) arising out of his alleged misfeasance or nonfeasance in the performance of his duties or out of any alleged wrongful act against the Association or by the Association, he shall be indemnified for his reasonable expenses, including attorneys' fees incurred in the defense of the proceeding. If both of the following conditions exist:

(1) The person sued is successful in whole or in part or the proceeding against him is settled with the approval of the court.

(2) The court finds that at his conduct fairly and equitably merits such indemnity. The amount of such indemnity may be assessed against the Association, its receiver, or its trustee, by the court in the same or in a separate proceeding and shall be so much of the expenses, including attorneys' fees incurred in the defense of the proceeding, as the court determines and finds to be reasonable. Application of such indemnity may be made either by a person sued or by the attorney or other person rendering services to him in connection with the defense, and the court may order fees and expenses to be paid directly to the attorney or other person, although he is not a party to the proceeding. The court may order notice to be given also to the members in the manner provided elsewhere in these By-Laws for giving notice of members' meetings, in such form as the court directs.

(b) Notwithstanding the provisions of Subsection (a) of this Section 13, the Board of Directors may authorize the Association to pay expenses incurred by, or to satisfy a judgment or fine rendered or levied against, a present or former director, officer or employee of the Association in an action brought by a third party against such person (whether or not the Association is joined as a party defendant) to impose a liability or penalty on such person for an act alleged to have been committed by such person while a director, officer or employee, or by the Association, or by both; provided, the Board of Directors determines in good faith that such director, officer or employee was acting in good faith within what he reasonably believed to be the scope of his employment of authority and for a purpose which he reasonably believed to be in the best interests of the Association or its members. Payments authorized hereunder include amounts paid and expenses incurred in settling any such action or threatened action. This Subsection (b) does not apply to any action instituted or maintained in the right of the Association by a member.

(c) The provisions of this Section 13 shall apply to the estate, executor, administrator, heirs, legatees or devisee of a director, officer or employee and the term "person" where used in the foregoing subdivisions of this section shall include the estate, executor, administrator, heirs, legatees or devisee of such person.

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 at such other place in the County of San Luis Obispo as may be fixed from time to time by resolution of the Board of Directors.

Section 2. Annual Meetings: The first annual meeting of the Members shall be held in San Luis Obispo County, within thirty (30) days after fifty-one percent (51%) of the lots have been sold or within one (1) year after the sale of the first lot, whichever occurs first, and each subsequent regular annual meeting of the Members shall be held in the same month of each year thereafter, at the hour of 8:00 o'clock P.M. or at such time as the Board of Directors may designate in the notice of meeting in San Luis Obispo County, provided, however, that the Board by resolution may fix a date for the meeting no more than thirty (30) days before or after said date. 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.

Section 3. Special Meetings: Special meetings of members for any purpose may be called at any time by the President, or by the Board of Directors, or by any two or more members thereof, or by one or more members holding not less than twenty percent (20%) of the voting power of members of the Association.

Section 4. Notice of Meetings: Written notice of meetings, annual or special, shall be given to each member entitled to vote, either personally or by sending a copy of the notice through the mail, postage prepaid, to his address appearing on the books of the Association or supplied by him to the Association for the purpose of notice. All such notices shall be sent not less than thirty (30) days nor more than sixty (60) days before each meeting, and shall specify the place, the day, and the hour of such meeting, and in the case of special meetings, the general nature of the business to be transacted.

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. Except as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting, other than by announcement thereof at the meeting at which such adjournment is taken.

Section 5. Consent of Absentees: The transaction of any business at any meeting of members, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the members entitled to vote, not 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 or approvals shall be filed with the records of the Association or made a part of

the minutes of the minutes of the meeting.

Section 6. Quorum: 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 proxy executed by such member or his duly authorized agent and filed with the Secretary of the Association; provided that no such proxy shall be valid after the expiration of the eleven (11) months from the date of its execution. The Board of Directors may solicit proxies from the members. The proxies will be used to assure OSCA of a quorum and to vote on amendments to the By-Laws and CC&Rs only.

ARTICLE V Directors

Section 1. Powers: Subject to limitations of the Articles of Incorporation, the Declaration, or these By-Laws, and of the California Corporations Code as to action to be authorized or approved by the members, and subject to the duties of the directors as prescribed by these By-Laws, 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 of Directors. Without prejudice to such general powers but subject to the same limitations, the directors are vested with and shall have the following powers: to wit:

- (a) To select, appoint, and remove all officers, agents and employees, of the Association, to prescribed such powers and duties for them as may be consistent with law, with the Articles of Incorporation, the Declaration and/or these By-Laws, to fix their compensation 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 make and enforce such rules and regulations therefore consistent with law, with the Articles of Incorporation, the Declaration and/or these By-Laws, as the Board may deem necessary or advisable.
- (c) To change the principal office for the transaction of the business of the Association from one location to another within the County of San Luis Obispo, as provided in Article II hereof; to designate any place within said County or the holding of any annual or special meeting or meetings of members; to adopt and use a corporate seal, and to prescribe the form of certificate of membership, if any; and to authorize the issuance of memberships to such persons as shall be eligible for membership, provided in Article III of these By-Laws.
- (d) To borrow money and to incur indebtedness for the purpose of the Association, and to cause to be executed and delivered therefore, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges or other evidences of debt and security therefore. The Board of Directors shall not have the power to incur indebtedness of one thousand dollars (\$1000) or more without the authorization of members having two-thirds of the voting power of the Association.
- (e) To fix and levy from time to time dues and assessments upon the members of the Association; to determine and fix the due date for the payment of such dues and assessments, and the date upon which the same shall become delinquent; provided, however, that such dues and assessments shall be fixed and levied only to provide for the payment of the expenses of the Association and of taxes and assessments upon real or personal property owned, leased, controlled or occupied by the Association, or for labor rendered or materials or supplies used and consumed, or equipment and appliances furnished for the maintenance, improvement or development of such property or for the payment of any and all obligations in relation thereto, or in performing or causing to be performed any of the purposes of the Association for the general benefit and welfare of its members, and the Board of Directors is hereby authorized to incur any and all such expenditures for any of the foregoing purposes and to provide adequate reserves for replacements as it shall deem to be necessary or advisable in the interest of the Association or welfare of its members. The Board of Directors shall have the power to determine a reasonable method for assessing each member for his pro rata share of such assessments. Should any member fail to pay such dues and assessments before delinquency, the Board of Directors in its discretion is authorized to enforce the payment of such delinquent dues and assessments as provided in Article VI, Section 1 of the Declaration.
- (f) To enforce the provisions of the Declaration covering the service area, these By-Laws or other agreements of the Association.
- (g) To contract for and pay fire, casualty, liability and other insurance insuring the unit owners, including bonding of the members of any management body, if deemed advisable by the Board.
- (h) To contract for any maintenance, gardening, utilities, materials, and supplies, and services relating to the common area and to employ personnel necessary for the operation of the project, including legal and accounting services. To contract for and pay for improvements and community facilities.
- (i) To delegate its powers according to law, and subject to the approval of the members, to adopt these By-Laws.
- (j) To fix, determine and name from time to time if necessary or advisable, the fund, foundation, or corporation which is then or there organized or operated for charitable purposes to which the assets of this Association shall be distributed upon liquidation or dissolution according to the Articles of Incorporation of this Corporation. The assets so distributed shall be those remaining after satisfaction of all just debts and obligations of the Association and after distribution of all property held or acquired by the Association under the terms of a specific trust or trusts.

Section 2. Number and Qualification of Directors: The Board of Directors shall consist of seven (7) Directors until changed by amendment of the Articles, or by amendment of this Section 2 of these By-Laws, fixing or changing such number, adopted by the vote or written assent of members entitled to exercise a majority of the voting power; but in no event shall there be less than five (5) Directors. A person may serve as a Director without being a member of the Association.

Section 3. Election and Term of Office: Until the holding of the organizational meeting of the members referred to in Section 2 of Article IV of these By-Laws, the Board of Directors shall consist of those directors who constituted the Incorporators at this Association. The Directors shall be elected at each annual meeting of members, but if any such annual meeting is not held, or if the directors are not elected thereat, the directors may be elected at any special meeting of members held for that purpose. All directors shall hold office until their respective successors are elected. For continuity on the Board, three (3) directors will serve for two (2) years and the remaining four (4) directors for one year only. The first year, elect seven directors, three (3) of whom shall serve for two (2) years by highest vote. Each succeeding year, four (4) directors will be elected, three (3) of whom will serve for two (2) years by the highest vote.

Section 4. Vacancies: Vacancies on the Board of Directors 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 members, or at a special meeting called for that purpose.

The members 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 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 5. Place of Meetings: All meetings of the Board of Directors shall be held at the principal office of the Association, or at any other place or places within the County of San Luis Obispo designated at any time by resolution of the Board or by written consent of all members of the Board.

Section 6. Organization Meeting: Immediately following each annual meeting of members, the Board of Directors 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 7. Other Regular Meetings: Other regular meetings of the Board of Directors may be held without call at such place and day and hour as may be fixed from time to time by resolution of the Board of Directors; provided, should said day fall upon a legal holiday, then the meeting which otherwise would be held on said day be held at the same time on the next day thereafter ensuing which is not a legal holiday. Notice of all such regular meeting of the Board of Directors is hereby dispensed with.

Section 8. Special Meetings - Notices: Special meetings of the Board of Directors for any purpose may be called at any time by the Chairman or by the President, or if they are unable or refuse to act, by the Vice President or by any three (3) directors. Written notice of the time and place of special meetings shall be delivered personally to the directors or sent to each director by letter or by telegram, postage or charges prepaid, addressed to him at his address as it is shown upon the records of the Association. In case such notice is mailed or telegraphed, it shall be deposited in the United States mail or delivered to the telegraph company at or near the place in which the principal office of the Association is located at least forty-eight (48) hours prior to the time of the holding of the meeting. Such mailing, telegraphing or delivery as provided herein shall be due, legal and personal notice to each director.

Section 9. Notice of Adjournment: Notice of adjournment of any directors. meeting, either regular or special, need not be given to absent directors, if the time and place are fixed at the meeting adjourned.

Section 10. Consent of Absentees: The transaction of any business at any meeting of the Board of Directors, however called and noticed, or wherever held, 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 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 11. Quorum: A majority of the number of directors as fixed by the Articles of Incorporation or these By-Laws 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 of Directors.

Section 12. Adjournment: A quorum of the directors may adjourn any directors. 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 directors. meeting, with regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 13. Consent of Board Obviating Necessity of Meeting: Notwithstanding anything to the contrary contained in these By-Laws, 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 of Directors shall individually or collectively consent orally or in writing to such action. Such consent or consents shall be filed in writing, with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as a unanimous vote of such directors.

Section 14. Fees and Compensation: No director or officer shall receive any salary for his services as such officer or director. Nothing herein contained shall be construed to preclude any director or officer from serving the Association as agent, counsel, or in any capacity other than as such director or officer, and receiving compensation therefore.

Section 15. Presiding Officer: The members of the Board of Directors shall elect one of their number to act as Chairman and one of their number to act as Secretary. The Chairman shall preside at all meetings and the Secretary shall record the minutes of all meetings of the Board of Directors and of the members.

ARTICLE VI Officers

Section 1. Officers: The officers shall be a President, a Vice President, a Secretary and a Treasurer, which officers shall be elected by and hold office at the pleasure of the Board of Directors. Each of the officers may, but need not, be a member of the Board of Directors. Any two or more of such offices, except those of President and Secretary, may be held by the same person.

Section 2. Election: The officers of the Association, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article, shall be chosen annually by the Board of Directors, and each shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or until his successor shall be elected and qualified.

Section 3. Subordinate Officers: The Board of Directors 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 By-Laws or as the Board of Directors may from time to time determine.

Section 4. Removal and Resignation: Any officer may be removed, either with or without cause, by the vote of a majority of all the directors then in office at any regular or special meeting of the Board at which a quorum is present.

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. Subject to the provision of Section 4 of this Article, any such resignation shall take effect as of the date of the receipt of such notice or at any later time specified herein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. 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 By-Laws for regular appointments to such office.

Section 6. President: The President shall be the chief executive officer of the Association and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the Association. The President may, but need not be, the Chairman of the Board of Directors. He shall be ex-officio member of all standing committees, if any, and shall have the general powers and duties of management usually vested in the office of president of a corporation, and shall have other such powers and duties as may be prescribed by the Board of Directors or these By-Laws.

Section 7. 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 all the powers of, and be subject to all the restrictions upon the office of President. The Vice President shall have such other powers and perform such other duties as from time to time may be prescribed for him by the Board of Directors or the By-Laws.

Section 8. 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 of Directors 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 at directors, the number of memberships 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 and addresses of all members of the Board of Directors
- (2) The names of the members and their addresses
- (3) The property to which each membership relates
- (4) The number of memberships held by each member
- (5) The number of votes represented by each member
- (6) The number and date of membership certificates issued, if any
- (7) The number and date of cancellation of membership certificates, if any.

The Secretary shall give, or cause to be given, notice of all meetings of the members and the Board of Directors required by the By-Laws or by law to be given and shall keep the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by these By-Laws.

Section 9. Treasurer: The 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.

ARTICLE VII Miscellaneous

Section 1. Record Date and Closing Membership Register: The Board of Directors may fix a time, in the future, not exceeding thirty (30) days preceding the date of any annual or special meeting of members, as a record date for the determination of the members entitled to notice of and to vote at any such meeting, and in such case only members of record on the date so fixed shall be entitled to notice of and to vote at such meeting, notwithstanding any transfer of any membership on the books of the Association after any record date so fixed for the purpose of determining such record date the Board of Directors may close the books of the Association against transfer of membership during the whole, or any part, of such period.

Section 2. Inspection of Corporate Records: The Membership register, the books of account, and minutes of meetings of the members and directors. meeting shall be open to the inspection of the directors and membership at reasonable times from time to time and in the manner provided in the Corporations Code of the State of California relating thereto.

Section 3. 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 officer or officers and in such manner, as from time to time, shall be determined by resolution of the Board of Directors.

Section 4. Contracts, etc., How Executed: The Board of Directors, except as in these By-Laws otherwise provided my 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 until authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to render it liable for any purpose or for any amount.

Section 5. Annual Report: The Board of Directors shall cause a copy of an annual report to be sent to each member of the Association not later than one hundred twenty (120) days subsequent to the close of the fiscal or calendar year of the Association.

Section 6. Inspection of By-Laws: The Association shall keep in its principal office for the transaction of business the original or a copy of the By-laws as amended certified by the Secretary which shall be open to inspection by all of the members at all reasonable times.

Section 7. Annual Independent Audit: An annual independent audit of the account or accounts of the Association or any management body shall be made, and a copy of such audit shall be available for the inspection of each member, officer, or director of the Association within 30 days of completion thereof.

Section 8. Singular includes Plural: Wherever the context of these By-Laws requires same, the singular shall include the plural and masculine shall include the feminine.

ARTICLE VIII Corporate Seal

The Association shall have a seal in circular form having within its circumference the words:

OAK SHORES COMMUNITY ASSOCIATION INCORPORATED, 1970 CALIFORNIA

ARTICLE IX Amendments

Section 1. Powers of the Members: The By-Laws of this Association may be adopted, amended or repealed at a meeting duly called for said purpose by the vote of a majority of the voting power represented at said meeting, provided a quorum is present. Any such proposed amendment shall be submitted to each member together with the advance notice of said meeting.

Section 2. Record of Amendments: Whenever an amendment or new By-Law is adopted it shall be placed in the book of By-Laws in the appropriate place. If any By-Law is repealed, the fact of repeal, with the date of the meeting at which the repeal was enacted or written assent was filed, shall be stated in said book.

Section 3. Conflicts: In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control.