

BYLAWS
OF
MARINA CITY CLUB CONDOMINIUM OWNERS ASSOCIATION
INDEX

<u>ARTICLE I : Plan of Association Membership</u>			<u>Pages</u>
Section 1	- Name and Location	---	1
Section 2	- Definitions	---	1
Section 3	- Statutory Basis for Condominium	---	3
Section 4	- Bylaws Applicability	---	3
Section 5	- Eligibility of Members	---	4
Section 6	- Regular and Special Assessment Obligation	---	4
Section 7	- Termination and Transfer of Membership	---	4
<u>ARTICLE II : Voting Procedures</u>			
Section 1	- Classes of Membership	---	4
Section 2	- Voting Procedures	---	5
Section 3	- Quorum	---	5
Section 4	- Proxies	---	5
Section 5	- Election of Board	---	6
<u>ARTICLE III : Administration</u>			
Section 1	- Association Responsibilities	---	7
Section 2	- Place of Meeting	---	7
Section 3	- Annual Meetings	---	7
Section 4	- Special Meetings	---	7
Section 5	- Notice of Meetings	---	8
Section 6	- Adjourned Meetings	---	8
Section 7	- Action Without A Meeting	---	9
Section 8	- Order Of Business	---	9
Section 9	- Fiscal Year	---	9
<u>ARTICLE IV : Board of Directors</u>			
Section 1	- Number and Qualifications	---	10
Section 2	- Powers and Duties	---	10
Section 3	- Contracts With Interested Board Members	---	13
Section 4	- Other Duties	---	13
Section 5	- Management Agent	---	13
Section 6	- Election and Term of Office and Compensation	---	14
Section 7	- Vacancies	---	14
Section 8	- Removal of Board Members	---	14
Section 9	- Organizational Meeting	---	15
Section 10	- Regular and Special Meetings	---	15

-I-

INDEX (Continued)

			<u>Pages</u>
<u>ARTICLE IV : Board of Directors</u> (Continued)			
Section 11	- Open Meetings and Notice to Members	---	15
Section 12	- Quorum	---	16
Section 13	- Board Actions Without A Meeting	---	16
Section 14	- Fidelity Bonds	---	16
Section 15	- Financial Reports	---	16
<u>ARTICLE V : Officers</u>			
Section 1	- Designation	---	18
Section 2	- Election and Removal of Officers	---	18
Section 3	- President	---	18
Section 4	- Vice President	---	19
Section 5	- Secretary	---	19
Section 6	- Chief Financial Officer	---	19
Section 7	- Execution of Documents	---	19
<u>ARTICLE VI : Indemnification</u> ---			
Section 1	- Owner's Liability	---	20
Section 2	- Nonliability of Agents	---	20
Section 3	- Indemnification of Agents	---	20
Section 4	- Approval of Board	---	21
Section 5	- Payments	---	21
Section 6	- Insurance	---	22
<u>ARTICLE VII : Mortgagees</u>			
Section 1	- Notice to Association	---	22
Section 2	- Notice of Unpaid Assessments	---	22
<u>ARTICLE VIII: Enforcement</u>			
Section 1	- Suspension	---	22
Section 2	- Fines	---	23
Section 3	- Remedies Cumulative	---	23
Section 4	- Attorney's Fees	---	23
<u>ARTICLE IX: Amendments</u> ---			
<u>ARTICLE X: Conflicts</u> ---			
<u>ARTICLE XI: Inspection of Books and Records</u> ---			
<u>CERTIFICATION</u> ---			

BYLAWS
OF
MARINA CITY CLUB CONDOMINIUM OWNERS ASSOCIATION

ARTICLE I
PLANE OF ASSOCIATION MEMBERSHIP

Section 1. Name and Location.

The name of the Association is the MARINA CITY CLUB CONDOMINIUM OWNERS ASSOCIATION. The principal office of the Association shall be located at 4333 Admiralty Way, Marina del Rey, Los Angeles County, California or such other place within the County of Los Angeles as may be designated by the Board of Directors.

Section 2. Definitions.

The following definitions shall be applicable to these Bylaws:

- (a) "Article of Incorporation" means the Articles of Incorporation of the Association as the same may be duly amended from time to time.
- (b) "Association" means Marina City Club Condominium Owners Association, a California nonprofit mutual benefit corporation, its successors and assigns.
- (c) "Board" or "Board of Directors" may be used interchangeably herein and shall mean the Board of Directors of the Association as the same may, from time to time, be constituted.
- (d) "Bylaws" means these Bylaws, including any amendments or additions hereto.
- (e) "Common Area" means the real property within the Premises (as hereinafter defined) subleased or to be subleased by the Owners as tenants-in-common for the common use and enjoyment of the Owners in accordance with the Declaration. The "Common Area" is more particularly described in the Declaration, and, as used herein, the term Common Area shall include such additional real property as may be annexed as Common Area pursuant to the Declaration.
- (f) "Condominium" means a subleasehold estate in a Unit, as defined in the Declaration, together with its respective undivided subleasehold interest in the Common Area and the

Appurtenant Rights of ingress, egress, support, use and enjoyment, as specified and established in the Master Condominium Sublease and the Declaration, applicable to such Unit.

- (g) “Declarant” means MARINA CITY CONDOMINIUMS, a California limited partnership, and its successors and assigns other than Owners as defined in Section 2(o) of these Bylaws.
- (h) “Declaration” means that certain Declaration of Covenants, Conditions and Restrictions Establishing a Plan of Subleasehold Condominium Ownership of the Marina City Club Condominiums recorded on January 11, 1998, as Instrument No. 88-37715 of Official Records in the Office of the County Recorder of the Los Angeles County (“County”), California, together with any amendments, supplements or modifications thereto.
- (i) “Deed of Trust” means and is synonymous with the word “Mortgage”, and the same may be used interchangeably with the same meaning; similarly, the word “Trustor” is synonymous with the word “Mortgagor”, and the word “Beneficiary” is synonymous with the word “Mortgagee”.
- (j) “First Mortgagee” means the Mortgages of a Condominium whose lien on such Condominium is subject only to the lien of Sublessor’s Subleasehold Deed of Trust provided for in the Master Condominium Sublease. “First Mortgage” means the Mortgage held by the First Mortgagee.
- (k) “Governing Documents” means the Declaration, Articles of Incorporation, Bylaws and Rules and Regulations of the Association (as hereinafter defined), all as amended from time to time.
- (l) “Master Condominium Sublease” means that certain lease, dated as of January 5, 1998, by and between the J.H. Snyder Company, a California limited partnership, as sublessor, and Marina City Condominiums, a California limited partnership, as sublessee.
- (m) “Member” or “Association Member” means every person or entity who holds a membership in the Association.
- (n) “Mortgage” means any security device encumbering all or any portion of the Premises or any Condominium. The term “Mortgage” includes a Deed of Trust, including the Subleasehold Deed of Trust.
- (o) “Mortgagee” means a person or entity to whom a Mortgage is made or who otherwise is the holder of a Mortgage; “Mortgagor” means a person or entity who mortgages his or its property to another, i.e., the maker of a Mortgage.

- (p) “Owner” means the record owner (as shown in the records of the County Recorder a Office), whether one or more persons, of a Condominium which is a part of the Project (as hereinafter defined). “Owner” shall also include (i) a contract vendee under a long-term installment land contract which is in the nature of a security device and otherwise complies with the requirements of a real property sales contract, pursuant to Sections 2985 and 2985.6 of the California Civil Code or any successor to such Civil Code Sections, and (ii) a contract seller under a sales contract which is not described under clause (i), unless such seller holds title merely as security for the performance of an obligation. “Owner” shall not include persons or entities who hold title merely as security for the performance of an obligation/
- (q) The term “person” means and includes a natural person, corporation, partnership, association, firm or other entity as the case may be and the context may require.
- (r) “Phase” mean and refers to one or more Condominiums, which become a part of the Project through the Declaration in the case of the first Phase or through a Supplemental Declaration in the case of any subsequent Phase.
- (s) “Premises” means those certain Units and Common Area, located in the Marina del Rey Small Craft Harbor of the County of Los Angles, as more particularly describe in the Declaration, including any additional Units Annexed to the Project pursuant to the Declaration.
- (t) “Project” means the subleasehold condominium regime established pursuant to the Declaration.
- (u) “Rules and Regulations of the Association” means such rules and regulations as may from time to time be adopted by the Association or it’s Board.
- (v) “Sublessor” shall mean the J.H. Snyder Company, a California limited partnership, and its successors and assigns, which entity is the sublessor under the Master Lease.

Any defined terms used in these Bylaws which are not defined above or in the context in which those terms are used shall have the meaning prescribed for those terms in the Master Condominium Sublease.

Section 3. Statutory Basis for Condominium.

The Project referred to and described in these Bylaws and the Declaration is a condominium project subject to the provisions of Section 1350 et seq. of the California Civil Code.

Section 4. Bylaws Applicability.

The provisions of these Bylaws are applicable to the Project, its operation, occupancy, ownership, maintenance and use, and to all present and future Owners, member of their family, tenants, guests, agents, employees, invitees, licensees and to any other person who uses the Project in any manner.

Section 5. Eligibility of Members.

Every Owner, upon accepting an assignment of a Condominium within the Project shall automatically become a member of this Association, which membership shall be appurtenant to the Owner's Condominium.

Section 6. Regular and Special Assessment Obligations.

As provided in detail in the Declaration, each Owner, including Declarant, shall be subject to regular annual assessments for (i) each Owner's share of all maintenance, repairs, taxes, insurance and other common expenses for which the Association is responsible, and (ii) adequate reserves for long-term replacement obligations, if any, of the Association. In addition, subject to the limitations provided in the Declaration, each Owner, including Declarant, may be subject to special assessments for capital expenditures and other purposes.

Section 7. Termination and Transfer of Membership.

A membership in the Association shall automatically terminate upon transfer of ownership in the Condominium to which it is appurtenant. A membership may be transferred only in conjunction with the transfer of ownership in the Condominium to which it is appurtenant, and then only to the transferee of title. Upon said transfer and termination, the transferee shall automatically become a Member of the Association.

ARTICLE II
VOTING PROCEDURES

Section 1. Classes of Membership.

The Association shall have two classes of voting membership as follows:

- (a) Class A. Class A members shall be all Owners with the exception of the Declarant. Class Members shall be entitled to one vote for each Condominium owned. When more than one person holds an ownership interest in any Condominium, all such persons shall be Members, and the vote for such Condominium shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Condominium.

(b) Class B. Class B Members shall be the Declarant. The Class B Member shall be entitled to three (3) votes for each Condominium, which it owns. The Class B membership shall forever cease to exist and be converted to Class A membership on the happening of any of the following events, whichever occurs earliest:

- (1) Two years from the date of the original insurance of the most recently issued Final Subdivision Public Report for the most recent Phase of the Project.
- (2) Four years from the date of the original issuance of the Final Subdivision Public Report for the first Phase of the Project.

Section 2. Voting Percentages.

Any provision in the Governing Documents calling for approval by a vote of the membership for action to be taken by the Association, shall require the vote or written assent of the specified percentage of each class of membership during the time that there are two outstanding classes of membership. After the conversion of Class B membership to Class A membership, any provision herein requiring the approval of Members other than Declarant, shall mean the vote or written assent of a majority of the total voting power of the Association (including Declarant's vote(s)) and the vote or written assent of a majority of the total voting power of the Members other than Declarant.

Section 3. Quorum.

Except as otherwise provided in the Declaration or these Bylaws, including Section 5.4 of the Declaration concerning limitations or increases in assessments, the presence in person or by proxy of Members holding fifty percent (50%) of the total voting power of the Association (excluding the number of votes as to which voting rights are suspended at the time of the subject meeting) in accordance with Section 1 of this Article II shall constitute a quorum. 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 twenty-five percent (25%) of the total voting power of the Association remains present in person or by proxy, and provided further that any action taken (other than adjournment) shall be taken by a majority of the Members required to constitute a quorum.

Section 4. Proxies.

Votes may be cast in person or by proxy. Proxies must be in writing and filed with the Secretary before the appointed

time of each meeting. A holder of a proxy need not be a member of the Association. The proxy may be revoked at any time by written notice of the Member to the Secretary, by executing a subsequent proxy and presenting it to the meeting or by attending any meeting and voting in person. All proxies shall automatically terminate (i) upon transfer of ownership in a Condominium by the Owner, or (ii) upon receipt by the Secretary of written notice of the death or judicially declared incompetence of a Member prior to the counting of the vote, or (iii) upon the expiration of eleven (11) months from the date of the proxy unless otherwise provided in the proxy, except that the maximum term of any proxy shall be three (3) years from its date of execution, or (iv) upon the attendance of the Owner granting the proxy at the meeting for which such proxy was granted. Any form of proxy distributed to ten (10) or more members of the Association shall state the general nature of the matter to be voted upon and shall provide for an opportunity on the proxy to indicate approval or disapproval of each matter or group of matters to be voted upon, and shall provide that if the person solicited specifies a choice with respect to any such matter the vote shall be cast in accordance therewith.

Section 5. Election of Board.

Voting for Board members shall be by secret written ballot. Nominations for election to the Board shall be made by any of the following:

(a) By a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a Board member, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board 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 elections to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

(b) By written petition signed within 11 months preceding the annual meeting by Members representing two percent (2%) of the total voting power of the Association. The petition shall identify the Nominee, contain that person's written consent to serve as a Board member, and be delivered to the Secretary at least thirty (30) days prior to the annual meeting of Members;

(c) By any Member who is present, in person or by proxy, at the annual meeting of Members.

All candidates shall have reasonable opportunity to communicate their qualifications to Members and to solicit votes. Notice to the Members of the meeting shall include the names of all those who are nominees at the time the notice are sent.

Every member entitled to vote at any election for Board members of the Association may cumulate votes and give one candidate the number of votes equal to the member of the Board members to be elected multiplied by the number of votes to which such Member is entitled under Section 1 of this Article II, or such Member may distribute votes among as many candidates as he thinks fit; provided, however, that no Member shall be entitled to cumulate votes for a candidate unless such candidate's name has been placed in nomination prior to the voting, and at least one (1) Member has given notice at the meeting prior to the voting of his intention to cumulate votes. If any one Member has given such notice, all Members may cumulate their votes for candidates in nomination. So long as a majority of the voting power of the Association resides in Declarant or so long as there are two outstanding classes of membership, then one of the Board members or twenty percent (20%) of the Board members, whichever is greater, shall be elected separately by vote of the Members, excluding Declarant.

ARTICLE III ADMINISTRATION

Section 1. Association Responsibilities.

The Board of the Association will, subject to the terms of the master condominium Sublease, have the responsibility of the administering the Common Area, approving the annual budget, establishing and collection assessments, preparing financial statements and arranging for the management of the Common area.

Section 2. Place of Meeting.

Meetings of the Association shall be held at a place designated by the Board within the Premises or as close thereto as possible. If no meeting place is designated, the meetings shall be held at the principal office of the Association.

Section 3. Annual Meetings.

The first annual meeting of the Association shall be held within six months following the close of escrow for the sale of the first condominium in the project, or within 45 days following the close of escrow for the sale of fifty-one percent (51%) of the Condominiums within the Project (as authorized under the first Final Public Report for the Project), whichever shall first occur. 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 shall be held on the same day of the same month of each year thereafter, unless such date is a legal holiday, in which case the meeting will be held on the first day following which is not a legal holiday (excluding Saturday and Sunday). At such meetings a Board shall be elected by ballot of the Members in

accordance with the requirements of Section 5 of Article II of these Bylaws. The Members may also transact such other business of the Association as may properly come before them.

Section 4. Special Meetings.

It shall be the duty of the President to call a special meeting of the Members (i) upon the vote for such a meeting by a written request signed by Members representing not less than five percent (5%) of the total voting power of the Association or by Members representing not less than fifteen percent (15%) of the voting power residing in Members other than the Declarant. Only that business stated in the notice of meeting given pursuant to Section 5 of this Article III shall be transacted at the special meeting.

Section 5. Notice of Meetings.

It shall be the duty of the Secretary of management agent to give written notice of each annual or special meeting, stating the purpose thereof, as well as the date, time and place where it is to be held. Notice shall be given not less than ten (10) nor more than ninety (90) days prior to such meeting by personal delivery or mail, first class, postage prepaid, addressed to the address of each Member as it appears on the Membership books of the Association or given by the Member to the Association for purposes of notice. If action is proposed on any of the following items, the notice or written waiver of notice shall state the general nature of the proposal(s):

- (a) Removing a Director without cause;
- (b) Filling vacancies in the Board of Directors by the Members;
- (c) Amending the Articles of Incorporation or Bylaws;

or

- (d) Approving a contract or transaction in which a director has a material financial interest.

The mailing or personal delivery of a notice in the manner provided in this section shall be considered notice served. Upon written request therefore, written notice of each annual meeting shall be given to all First Mortgagees and the holders of a Subleased Deed of Trust. The transactions of any meeting of Members, however called and noticed, shall be valid as though taken at a duly called, noticed and held meeting if (i) a quorum is present in person or by proxy, and (ii) either before or after the meeting each of the Members not present in person or by proxy signs a written waiver of notice, or a consent to holding of the meeting or an approval of the minutes of the

meeting. Any such waiver, consent or approval shall be filed with the Association records or made a part of the minutes of the meeting.

Section 6. Adjourned Meetings.

If any meeting cannot be organized because a quorum is not present or represented, a majority of Members who are present. Either in person or by proxy, may not transact any business except to adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from meeting date. Except as otherwise provided in the Declaration or these Bylaws, including Section 5.4 of the Declaration concerning limitations on increases in assessments, the quorum requirement for the subsequent meeting shall be one-third (1/ 3) of the total voting power of the Association (excluding the number of votes as to which voting rights are suspended at the time of the subject meeting). 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.

Section 7. Action Without a Meeting.

Any action, which may be taken by the vote of Association Members at a regular or special meeting, except the election of Board members, may be taken without a meeting if the Board distributes a written ballot to every member entitled to vote on the matter. Such ballot shall (i) set forth the proposed action, (ii) provide an opportunity to specify approval or disapproval of any proposal, (iii) provide that if the member specifies a choice with respect to such matter the vote shall be cast in accordance therewith, (iv) provide a reasonable time within which to return the ballot to the board, (v) indicate the number of responses needed to meet the quorum requirement and (vi) state the number of approvals necessary to pass the measure submitted.

Approval by written ballot pursuant to this section shall be valid only when (i) the number of votes cast by ballot within the time period specifies equals or exceeds the quorum required to be present at a meeting authorizing the action, and (ii) the number of approvals equals or exceeds the number of votes that would required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

Ballots shall be delivered to Association Members in the same manner as provided for delivery of notice of meetings in Section 5 of this Article III. The ballot must specify the time by which it must be received in order to be counted.

Section 8. Order of Business.

The order of business of all meetings shall be as follows: (a) roll call; (b) proof of notice of meeting; (c) reading of Minutes of preceding meeting; (d) reports of officers; (e) report of committees; (f) appointment of inspectors of election; (g) election of Board members; (h) unfinished business; and (i) new business.

Section 9. Fiscal Year.

Unless modified by resolution of the Board, the fiscal year of the Association shall be the calendar year.

ARTICLE IV
BOARD OF DIRECTORS

Section 1. Number and Qualifications.

The affairs of the Association shall be governed by a Board of Directors ("Board") all of who must be members of the Association, or an officer, director, employee or agent of a Member, including Declarant. The authorized number of Board members shall be not less than three (3) nor more than seven (7). Of the three (3) persons ("Board members or Board member"). The initial Board members shall hold office until the first meeting of the Members as described in Section 3 of Article III. From and after the first annual meeting, the Board shall be composed of five (5) persons unless and until changed, within the limits specified above, by a duly adopted amendment to these Bylaws.

Section 2. Powers and Duties.

The Board shall have the power and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law, the Declaration, or these Bylaws directed to be exercised and done by the Members.

- (a) The powers of the Board shall include but not be limited to the following:
 - (1) Enforcement and carrying out of the provisions of the Governing Documents and other agreements.
 - (2) Payment, compromise, protest and settlement of taxes, special assessments and other liabilities which are or could become a lien encumbers an undivided interest in the Common Area as a part of a Condominium and is solely the obligation of the Owner of such a Condominium.

- (3) Contracting and paying for fire, casualty, liability and other insurance insuring the Association, Board and Condominium Owners in accordance with the Declaration.
- (4) Contracting and paying for maintenance, utilities, materials and supplies, and other goods and services relating to the Common Area, and employment of personnel necessary for the operation of the Common Area, including legal and accounting services, subject to the limitations of paragraph (b) below.
- (5) Delegation of its powers to committees, officers or employees of the Association as expressly authorized in the Governing Documents.
- (6) Preparation of budgets and financial statements as prescribed in Section 15 of Article IV.
- (7) Formulation, adoption and publishing of reasonable Rules and Regulations governing the operation and use of the Common Area, and the personal conduct of the Members and their guests, licensees, invitees, employees, agents and/or tenants thereon, not in conflict with those rules and regulations governing tenancies in the Marina City Club Condominiums provided for and described in the Master Condominium Sublease.
- (8) Initiation of disciplinary proceedings against Members, including, without limitation, the imposition of fines and suspension of voting rights for nonpayment of assessments or other breaches of the Governing Documents, after notice and hearing if required by other provisions hereof.
- (9) Entering into any Unit where necessary in connection with maintenance or construction for which the Association is responsible.
- (10) Payment for reconstruction of any portion or portions of the Common Area damaged or destroyed which are to be rebuilt by the Association.
- (11) Levying of assessments, perfection and enforcement of liens and borrowing of funds, as provided in the Declaration.
- (12) Maintaining the Common Area and entering into agreements or arrangements related thereto, as provided in the Declaration.
- (13) Compromising and settling any claim of the Association, provided however, that the Board shall not enter into any agreement for the compromise and/or settlement of any claim of the Association in an aggregate amount of \$7,500.00 or

more without the prior written consent of both the Board and a majority of Members.

(14) Election of officers of the Board

(15) Filling of vacancies on the Board (except for a vacancy created by the removal of a Board member) as provided in Section 7 of this Article IV.

(16) Execution, performance and enforcement of deferred maintenance, utility, expense reimbursement and subsidy agreements.

(17) The nomination of a Proposed Assignee or Proposed Lessee to the Association as set forth in Section 8.5 of the Declaration and the adoption of a recommendation and the ability to implement all approved actions with respect to placement of master insurance policies in accordance with Section 6.7 of the Declaration.

(b) The Board shall be prohibited from taking any of the following actions, except with the vote or written assent of a majority of each class of Members or, when Class B membership no longer exists, with the approval of a majority of the total voting power of the Association as well as the approval of a majority of the total voting power residing in Members other than the 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 year with the following exceptions:

(A) A management contract, the terms of which have been approved by the Federal Housing Administration or veterans Administration (if either has jurisdiction over the Project) or by the Department of Real Estate during the period the department of Real Estate has jurisdiction over the sale of the project pursuant to a public report.

(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 (5) 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

(E) Agreements for cable television services and equipment or satellite dish, television services and equipment of not to exceed five (5) years duration provided that the supplier is not an entity in which the Declarant has a direct or indirect ownership interest of ten percent (10%) or more.

(F) Agreements for sale or lease of burglar alarm and fire alarm equipment, installation and service of not to exceed five (5) years duration provided that the supplier is not an entity in which Declarant has a direct or indirect ownership interest for ten percent (10%) or more.

(2) Incurring aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of 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 5% of the budgeted gross expenses of the Association for that Fiscal year.

(4) Paying compensation to members of the Board or to officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a Board 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 the fiscal year, except as otherwise expressly provided in the Declaration with respect to emergency situations (as defined in the Declaration).

Section 3. Contracts with Interested Board Members.

The Association shall not enter into any contract or other transaction with one or more members of the Board or a corporation in which one or more members of the Board has a material financial interest as defined in and limited by California Corporations Code Section 7233 or any successor to such statute, unless either (i) the material facts as to the transaction and as to such Board member's interest are fully disclosed to the Members and such contract or transaction is approved by at least a majority of a quorum of the Members, voting in person or by proxy, with any membership owned by any

interested Board member not being entitled to vote thereon, or (ii) the material facts as to such Board member's interest are fully disclosed or known to the Board and the Board authorizes, approves or ratifies the contract or transaction by a vote sufficient without counting the vote of the interested Board member and the contract is just reasonable to the Association at the time it is authorized, approved or ratified.

Section 4. Other Duties.

In addition to duties imposed by these Bylaws or by resolutions of the Association, the Board shall be responsible for the following:

- (a) Care, upkeep and surveillance of the common Area as provided in the Declaration.
- (b) Collection of Regular Assessments and Special Assessments from the Owners as provided in the Declaration.
- (c) Hiring and dismissal of the personnel necessary for the Association's maintenance and operation of the Common Area.

Section 5. Management Agent.

Subject to the limitations set forth in Section 2(b) of this Article IV, the Board may employ for the Association a management agent at a compensation established by the board to perform such duties and services as the Board shall authorize. Any agreement for professional management of the Project may not have a term in excess of three (3) years, and may be renewable by agreement of the parties for successive three (3) year periods, without cause and without payment of a termination by either party without cause and without payment of a termination fee, upon ninety (90) days' or less written notice.

Section 6. Election and Term of Office and Compensation.

The first election of the Board shall be at the first meeting of Members and thereafter at each annual meeting of Members, but if such annual meeting is not held or Board members are not elected thereat, the Board members may be elected at a special meeting held for that purpose. The term of office for each Board member shall be one (1) year and each shall hold office until a successor is elected. No Board member shall receive any compensation for any service he or she may render to the Association; provided however, that a Board member may be reimbursed for actual out of pocket expenses incurred by the Board member in the performance of his or her duties.

Section 7. Vacancies.

Vacancies in the Board caused by any reason other than the removal of a Board member by a vote of the Association shall be filled by vote of the majority of the remaining Board members at a duly held meeting or by a sole remaining Board member, and each person so elected shall be a Board member until a successor is elected at the next annual or special meeting of the association. The members may elect a Board member at any time to fill any vacancy not filled by the Board members. The Board shall not fill a vacancy on the Board caused by the removal of a Board member by a vote of the Association.

Section 8. Removal of Board Members.

At any regular or special meeting of Association Members duly called, any one or more of the Board members may be removed with or without cause by a majority of the Association Members, and a successor may then and there be elected to fill the vacancy thus created (by cumulative voting as provided in Section 5 of Article II). Any Board member whose removal has been proposed by the Association Members shall be given an opportunity to be heard at the meeting. Unless the entire Board is removed from office by the vote of Members of the Association, no individual Board member shall be removed prior to the expiration of his or her term of office if the votes cast against removal, or not consenting in writing to removal, would be sufficient to elect the Board member if voted cumulatively at an election at which the same total number of votes were cast (or, if the action is taken by written ballot, all memberships entitled to vote were voted) and the entire number of Board members authorized at the time of the most recent election of the Board members were then being elected; provided, however, that a Board member who has been elected to office solely by the votes of Members of the Association other than the Declarant, may be removed prior to the expiration of his or her term only by the vote of a majority of the voting power residing in Association Members other than the Declarant. If a Board member is removed at a meeting, a new Board member may be elected at the same meeting.

Section 9. Organizational Meeting.

The first meeting of a newly elected Board shall be held within thirty (30) days of election at such place within the Premises as shall be fixed by the Board at the meeting at which such Board was elected.

Section 10. Regular and Special Meetings.

Regular meetings of the Board may be held at such time and places as shall be determined, from time to time, by a majority of the Board members, but at least one such meeting shall be held each month, unless business to be transacted does

not justify such frequent meetings, in which case the board shall meet at least every three months.

Special meeting of the Board may be called by written notice signed by the President or by any two (2) members of the Board other than the President. The notice of a special meeting shall state the date, time, place and purpose of the meeting.

Notice of the date, time and place of regular Board meetings shall be communicated to all Board members not less than four (4) days prior to the meeting, and notice of the date, time, Place and purpose of special meetings shall be communicated to all Board members not less than 72 hours prior to the meeting, provided, however, that notice of a regular or special meeting need not be given to any Board member who has signed a waiver of notice or a written consent to the holding of the meeting. Notice of the date, time and place of holding an adjourned for more than twenty four (24) hours, in which case notice of the time and place shall be given before the time of the adjourned meeting to the Board members who were not present at the time of adjournment.

Section 11. Open Meetings and Notice to Members.

Regular and special meetings of the Board shall be open to all Association Members; provided, however, that Association Members, other than the Board members, may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board; provided, further, however, that upon the vote of a majority of a quorum of the Board, the Board may adjourn 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 sessions shall first be announced in open session.

Notice of the date, time and place of regular and special Board meetings shall be posted at a prominent place or places within the Common Area. The notice of regular meetings shall be so posted not less than four (4) days prior to such meeting and the notice of special meetings (except in emergency situations) shall be so posted not less than 72 hours prior to such meeting.

Section 12. Quorum.

At all meetings of the Board, a majority of the authorized and duly elected Board members shall constitute a quorum for the transaction of business, and the acts of the majority of the Board members present at a meeting at which a quorum is present shall be the acts of the Board. A meeting at which a quorum is

initially present may continue to transact business, notwithstanding the withdrawal of Board members, in any action taken is approved by a majority of the required quorum for that meeting. If at any meeting of the Board there be less than a quorum present, the majority of those present may adjourn the meeting to a time certain. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted provided a quorum is present.

Section 13. Board Actions Without A Meeting.

The Board may take actions without a meeting if all of the Board members consent in writing to the action to be taken. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. If the Board resolves by unanimous written consent to take action, an explanation of the action taken shall be posted in a prominent place or places within the Commons Area within three (3) days after the written consents of all Board members have been obtained.

Section 14. Fidelity Bonds.

The Board may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

Section 15. Financial Reports.

Financial statements for the Association shall be regularly prepared and distributed to all Association Members regardless of the number of Members or the amount of assets of the Association as follows:

(a) A budget for each fiscal year consisting of at least the following information shall be distributed not less than forty-five (45) days and not more than sixty (60) days prior to the beginning of the fiscal year:

- (1) Estimated revenue and expenses on an accrual basis.
- (2) The amount of the total cash revenues of the Association currently available for replacement or major repair of Common Area facilities and for contingencies.
- (3) An itemized estimate for the remaining life of, and the methods of funding to defray the future repair, replacement or additions to the Common Area and facilities for which the Association is responsible.
- (4) A general statement setting forth the Procedures used by the Board in the calculation and establishment of

reserves to defray the costs of repair, replacement or additions to the Common Area and facilities for which the Association is responsible.

(b) 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 the close of escrow for the first sale of a Condominium in the Project, and an operating statement for the period from the date of the first close of escrow to the said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of assessments received and receivable, identified by the number of the Condominium and the name of the Owner assessed.

(c) A report consisting of the following shall be distributed within one hundred and twenty (120) days after the close of the fiscal year:

- (1) A balance sheet as of the end of the fiscal year.
- (2) An operating statement for the fiscal year.
- (3) 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 Seventy – Five Thousand Dollars (\$75,000), 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) Any Information required to be reported under S 8322 of the California Corporations Code.

If the report referred to in paragraph (c) above is not prepared by an independent certified public 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) In addition to the above financial statements, the Board shall annually distribute within sixty (60) days prior to the beginning of the fiscal year (i) a statement of the Association's policies and practices in enforcing its remedies against Members for defaults in the payment of Regular Assessments and Special Assessments, including the recording and foreclosing of liens against Members' Condominiums, and (ii) a statement of the place where the names and addresses of the current Members are located.

ARTICLE V
OFFICERS

Section 1. Designation.

The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Chief Financial Officer, all of whom shall be a Board members. One Board member may hold the dual offices of Vice President and Chief Financial Officer. The Board may appoint an Assistant Secretary, and such other officers as in its judgment may be necessary, and such other officers need not be Board members.

Section 2. Election and Removal of Officers.

The principal officers of the Association shall be elected by the Board at the organizational meeting of each new Board and shall hold office at the pleasure of the Board. Upon any affirmative vote of a majority of the members of the Board. Upon an affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board, or any special meeting of the Board called for such purpose. Vacancies caused by resignation shall be filled by appointment by the President until an election is held by the Board.

Section 3. President.

The President shall be the chief executive officer of the Association; shall preside at all meetings of the Association and of the Board; and shall sign all deeds, leases, contracts, mortgages, promissory notes, and other written instruments approved by the Board. The president shall have all of the general powers and duties, which are usually vested in the office of the president of a California nonprofit mutual benefit corporation, and shall have such powers and duties as may be prescribed by the Board or by these Bylaws. All disbursements of funds, monies, and other assets of the Association shall require the joint written signatures of the President and Chief Financial Officer, provided, however, that if the president or Chief Financial Officer is not available the Secretary may sign in his or her place.

Section 4. Vice President.

The Vice President shall act in the place of the President in the event the President is absent or is unable or refuses to act. If neither the President is absent or is unable or refuses to act. If neither the president nor the Vice President is able to act, the board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as may from time to time be imposed upon him or her by the Board.

Section 5. Secretary.

The Secretary shall record the votes and keep the minutes of all meetings of the Board and of the members of the Association: shall have charge of such books and papers as the Board may direct; and shall be responsible for maintaining the membership register of the Association. The Secretary shall sign all documents that have been approved by the Board, if the documents require a second Association signature and the Board has not passed a resolution authorizing another officer to sign in place of the Secretary and shall, in general, perform all the duties incident to the office of Secretary.

Section 6. Chief Financial Officer.

The Chief Financial Officer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in the books belonging to the Association. Such books shall be open to inspection by any Member of the Association. The Chief Financial Officer shall be responsible for the deposit of all monies and other valuable effects in the name of and to the credit of the Association in such depositories as may from time to time be designated by the Board, and shall disburse the funds of the Association as may be ordered by the Board.

Section 7. Execution of Documents.

The Board may authorize any officer or officers to enter into any contract or execute any document in the name of and on behalf of the Association; and unless so authorized by the Board, no officer or other person shall have any power or authority to bind the Association or pledge its credit or to render it liable for any debt or obligation.

ARTICLE VI
INDEMNIFICATION

Section 1. Owner's Liability.

Each Owner shall be liable to the Association for any damage to the Common Area caused by the negligence or willful misconduct of the Owner or his family, guests, invitees, subtenants, licensees, or servants, to the extent that the damage shall not be covered by insurance. Each Owner shall indemnify, hold harmless, and pay any costs of defense of each other Owner from claims for personal injury or property damage occurring within any unit owned by the indemnitor, provided that this protection shall not extend to any indemnitee whose negligence or willful misconduct caused or contributed to the injury or damage; provided further that this Article VI is not intended to be for the benefit of any insurer and shall not affect nor limit the

duty of any insurer to pay any claim which would be payable by said insurer but for this Article VI.

Section 2. Nonliability of Agents.

Except as provided by law, no right power, or responsibility conferred on the Board by the Governing Documents shall be construed as a duty, obligation, or disability charged upon any present or former Board member or officer or any other employee or agent of the Association (hereinafter "Agent"). No Agent shall be liable to any party (other than the Association or a party claiming in the name of the Association) for injuries or damage resulting from the Agent's acts or omissions within what the Agent reasonably believed to be the scope of his or her Association duties (hereinafter "Official Acts"), except to the extent that the injuries or damage result from the Agent's Association (or to any party claiming in the name of the Association) for injuries or damage resulting from the Agent's Official Acts, except to the extent that the injuries or damage result from the Agent's negligence or willful or malicious misconduct.

Section 3. Indemnification of Agents.

The Association shall pay all expenses actually and reasonably incurred by, and satisfy any judgment or fine levied against, any Agent as a result of any action or threatened action against the Agent to impose liability on the Agent for his or her Official Acts, provided that:

- (a) The Board determines that the Agent acted in good faith and in a manner the Agent reasonably believed to be in the best interests of the Association;
- (b) In the case of a criminal proceeding, the Board determines that the Agent had no reasonable cause to believe his or her conduct was unlawful; and
- (c) In the case of an action or threatened action by or in the right of the Association, the Board determines that the Agent acted with the care (including reasonable inquiry) that an ordinarily prudent person in a like position would use under similar circumstances.

Section 4. Approval by Board.

Any determination of the Board required under this Article VI must be approved by a majority vote of a quorum of the Board consisting of Board members who are not parties to the action or threatened action giving rise to the indemnification. If the Board fails or refuses to make any such determination, the determination may be made by the vote or written consent of a

majority of a quorum of the Members, provided that the Agent to be indemnified shall not be entitled to vote.

Section 5. Payments.

Payments made pursuant to this Article VI shall include amounts paid and expenses incurred in settling the action or threatened action. This Article shall be construed to authorize payments and indemnification to the fullest extent now or hereafter permitted by applicable law; notwithstanding anything to the contrary above, the above provisions shall not authorize indemnification of Agents where prohibited by California Corporations Code Section 7237, nor shall it authorize the granting of indemnification except in such manner as set forth in said Section 7237.

On approval by the Board, expenses incurred in defending any proceeding may be advanced by the Association prior to the final disposition of the proceeding, provided the Association receives and undertaking by or on behalf of the Agent that the advances will be repaid unless it is ultimately determined that the Agent was entitled to indemnification as required or authorized by these Bylaws.

Section 6. Insurance.

The Association may purchase and maintain insurance on behalf of its Agents to the extent and under the circumstances provided in the Declaration, and regardless of whether the Association would have the power to indemnify an Agent against such liability under the Bylaws.

ARTICLE VII
MORTGAGEES

Section 1. Notice to Association.

An Owner who encumbers his Condominium with a Mortgage or other security instrument shall notify the Association through the management agent, if any, or the President in the event there is no management agent, of the name and address of such Owner's Mortgagee, and the Association shall maintain such information in a book entitled : "Mortgagees of Condominiums." Any such Owner shall likewise notify the Association as to the release or discharge of any such Mortgage.

Section 2. Notice of Unpaid Assessments.

In addition to the other notice obligations with respect to Mortgagees provided in the Declaration, the Association, upon the written request of any First Mortgagee of a Condominium or the holder of a Subleasehold Deed of Trust, shall give written notice to such Mortgagee of any default by the Owner

in the payment of assessments which is not cured within sixty (60) days.

Article VIII
ENFORCEMENT

Section 1. Suspension.

Notwithstanding any other remedy or action available to the Association, the membership and all rights and privileges thereof of any Member may be suspended by action of the Board for a period not to exceed thirty (30) days for (i) failure to pay any Regular Assessment or Special Assessment in full promptly when due (whether or not he be personally obligated to pay such assessment), or (ii) each violation of any provision of the Governing Documents; provided that, for any continuing violation, such suspension may continue until the violation is cured. Such suspension shall not take effect unless the Member is notified in writing of the suspension and the reasons therefore at least fifteen (15) days prior to the effective date of the suspension, and if requested by said Member in writing within five (5) days after receipt of notice thereof, a hearing on said suspension is held before the Board. Said hearing shall be held by the Board at least five (5) days before the effective date of the suspension, and at said hearing the Member may appear and defend himself against the matters resulting in the notice of suspension.

Section 2. Fines.

The Board shall also have the right, pursuant to the same notice and hearing procedures as a re provided for suspension in Section 1 of this Article VIII, and such other procedures as it may establish, to assess fines against any Member who violates, or whose guest or guests violate the Governing Documents. Fines may be levied for each such offense. For the first offense such fine shall not exceed \$25.00. For repeated offenses fines shall not exceed \$100.00 for each offense. Any member against whom such a fine is levied shall pay such fine to the Association within 10 days after it is levied. The Association may take legal action or employ any lawful remedies to enforce the payment of such fine.

Section 3. Remedies Cumulative.

The remedies provided herein shall be in addition to, and not in lieu of, any other remedies which may be provided by the Declaration, these Bylaws, or under law.

Section 4.

Attorney's Fees.

In any action brought for enforcement, damages, or declaratory relief with respect to the provisions of these Bylaws or the Declaration, the prevailing party shall be entitled to attorney's fees in such amount as may be ordered by the Court.

ARTICLE IX
AMENDMENTS

Prior to the close of escrow on the first sale of a Condominium in the Project, Declarant may amend these Bylaws as it deems necessary or appropriate (provided any amendment constituting a material change shall require the approval of the first Condominium these Bylaws may be amended by the affirmative vote (in person or by proxy) or written assent of a majority of each class of Members in existence at the time the amendment is considered. Upon cessation of two-class voting as provided in Section 1 of Article II herein, these Bylaws may be amended by (i) a majority of the voting power of the Association and (ii) a majority of the votes or written consent of Members other than the Declarant.

Notwithstanding the above, the percentage of the voting power of the Association necessary to amend a specific clause or provision of these Bylaws shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause or provision.

Notwithstanding the above, no material amendment hereto shall become effective unless approved in writing by (i) a vote of at least 75% of all First Mortgagee, (ii) the holders of at least 75% of the Subleasehold Deeds of Trust based on one (1) vote for each Subleasehold Deed of Trust, and (iii) the County. Timely written notice of any proposed material amendment shall be given by the Board to the County and each holder, insurer and/or guarantor of a First Mortgage or Subleasehold Deed of Trust who submits a written request therefore. Any party which receives a written request from the Association, to approve any amendment and which does not deliver to the Association, in person or by mail, a written negative response within thirty (30) days thereafter, shall be deemed to have approved such amendment. For the purposes of this Article IX, the term "material amendment" shall mean amendments to provisions of these Bylaws governing the following subjects:

- (a) The Proportionate Share of the Condominium Owners in the receipts and common expenses of the Association.

- (b) The Percentage interest of the Condominium Owners in the Common Area.
- (c) The purpose to which the Units and the Common Area are restricted.
- (d) Conversion of Units into Common Area or of Common Area into Units, or material changes in the boundaries of any unit.
- (e) Voting.
- (f) Changes in the manner of determining and enforcing assessments, assessment liens and subordination thereof.
- (g) Reserves for repair and replacement of the Common Area.
- (h) Property maintenance obligations.
- (i) Casualty and liability insurance requirements.
- (j) Reconstruction in the event of damage or destruction.
- (k) Rights to use the Common Area.
- (l) Provisions concerning the annexation or withdrawal of property to and from the Project.
- (m) Leasing of Condominiums.
- (n) Imposition of any right of first refusal or similar restriction on the right of a Condominium Owner to sell, transfer or otherwise convey his Condominium.
- (o) Establishment of self-management by the Association where professional management has been required by FHLMC, FNMA or VA, (as such entities are defined in Article 1 of the Declaration) if any such entities making such requirement is a holder, insurer or guarantor of a First Mortgage on, or an Owner of, a Condominium within the Project.
- (p) Any of the provisions herein which are expressly for the benefit of First Mortgagees.

ARTICLE X CONFLICTS

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 Articles of Incorporation and these Bylaws, the Articles shall control.

ARTICLE XI
INSPECTION OF BOOKS AND RECORDS

The membership register, books of account, financial statements and minutes of meetings of the Association Members, of the Board, and of the Board's committees shall be made available for inspection and copying by any Member of the Association, or 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, subject to such reasonable rules as the Board may establish with respect to (i) notice to be given to the custodian of the records by the Member desiring to make the inspection, (ii) hours and days of the week when such an inspection may be made, and (iii) payment of the cost of reproducing copies of documents requested by a Member. Subject to the same limitations as to time, place, notice and payment, the Board, upon written request, shall make available to any prospective purchaser current copies of the Governing Documents and the most recent annual financial statements.

Every Board Member 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 Board member includes the right to make extracts and copies of documents.

CERTIFICATION

The undersigned, hereby certifies:

That it is the Incorporator of MARINA CITY CLUB CONDOMINIUM OWNERS ASSOCIATION, and

That the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted on the 5th day of January, 1988.

MARINA CITY CONDOMINIUMS, a California
Limited Partnership, Incorporator

By _____
Lewis P. Geysler, General Partner