

BYLAWS  
OF  
STREAM HOUSE  
COMMUNITY ASSOCIATION

ARTICLE I  
NAME AND PRINCIPAL OFFICE

1.01. Name. The name of the corporation is Stream House Community Association, a California nonprofit mutual benefit corporation.

1.02. Principal Office. The principal office of the corporation shall be located in the County of Orange (“County”), State of California.

ARTICLE II  
DEFINITIONS

2.01. “Code” shall mean and refer to the California Corporations Code.

2.02. “Declarant” shall, subject to the terms and provisions of the Declaration, including, without limitation, Section 1.12, mean and refer to The Akins Company Venture I, a general partnership, a California corporation, its successors and assigns.

2.03. “Declaration” shall mean and refer to that certain Declaration of Covenants, Conditions and Restrictions for Stream House recorded February 5, 1982, as Instrument No. 55975, in the Official Records of the County, as the same may be supplemented and/or amended, changed or modified from time to time.

2.04. The definitions contained in the Declaration, including, without limitation, those continued in Sections 1.01 through 1.27, inclusive, of the Declaration, are incorporated herein by this reference.

ARTICLE III  
MEMBERSHIP

3.01. Membership. Every person or entity who is a record owner of a fee interest in any Condominium which is subject by the Declaration to assessment by the Association shall be a Member of the Association. Any person or entity having any such interest merely as security for the performance of an obligation shall not be a Member. Membership in the Association and the right to vote shall be appurtenant to, and may not be separated from, the fee ownership of any Condominium which is subject to assessment by the Association. Ownership of such Condominium shall be the sole qualification for membership in the Association.

3.02. Transfer. The membership held by any record Owner of a Condominium shall not be transferred, pledged or alienated in any way, except upon the sale of such Condominium and then only to the purchaser or assignee of the Condominiums. Any attempt to make a prohibited transfer will be void and will not be reflected upon the books or records of the Association. In the event any Owner shall fail or refuse to transfer the membership registered in his name to the purchaser of his Condominium, the Association shall have the right to record the transfer upon the books of the Association.

3.03. Assessments.

(a) Payment of Assessments. The rights of membership in the Association are subject to the payment of Assessments levied by the Association. In accordance with Articles V and VI of the Declaration, Assessments shall be a charge on the real property and shall be a continuing lien upon the Condominium against which each such Assessment is made and shall be the personal obligation of the person or entity who was the Owner of such Condominium at the time when the Assessment fell due.

(b) Uniform Rate. All Regular and Capital Improvement Assessments shall be fixed at a uniform rate for all Condominiums.

3.04. Suspension of Membership. The voting rights and/or use or enjoyment rights to recreational or social facilities within the Common Area of any Member, his Family and his guests, may be suspended, subject to the provisions of Section 3.05(c), by action of the Board during any period when Assessments owing by such Member remain unpaid and delinquent but, upon payment of such Assessments, his rights and privileges shall be automatically restored.

3.05. Association Rules; Enforcement. The following provisions shall govern the promulgation of the Association Rules which may include the establishment of a system of fines and penalties:

(a) The members of the Board shall propose such rules and regulations as are consistent with and in furtherance of existing law, the Master Declaration, the Declaration, the Articles and these Bylaws. Upon the vote or written consent of a majority of the voting power of the members of the Board, such rules and regulations shall take effect as the Association Rules.

(b) The Board in its discretion shall have the power to adopt a list of specific fines and penalties, including, without limitation, suspension of the use or enjoyment rights to recreational or social facilities within the Common Area, for the violation by any Member of the provisions of the Declaration, the Articles, these Bylaws and the Association Rules. Upon the vote or written consent of a majority of the members of the Board, such fines and penalties shall be binding on all Members and shall be enforceable by the Board as a Reimbursement Assessment. Such a remedy shall not be deemed to be exclusive and the Board shall have such other remedies as are provided for by applicable law, the Declaration, the Articles, these Bylaws and the Association Rules.

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

(i) A written statement of the alleged violations shall be provided to any Member against whom such charges are made and such written statement shall provide a date on which the charges shall be heard;

(ii) No proceedings under this Section shall be brought against any Member unless such Member shall have received a written statement of charges at least thirty (30) days prior to that hearing;

(iii) No proceeding shall be brought against any Member more than sixty (60) days after such Member is provided a written statement of charges;

(iv) The Board shall appoint a panel of three (3) capable persons (one of whom shall be designated a chairman) who may or may not be Members and who shall hear the charges and evaluate the evidence of the alleged violation;

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

(vi) The panel shall deliver to the Member so charged within seven (7) days after the hearing a written decision which specifies the fines or penalties levied, if any, and the reasons therefore.

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

#### ARTICLE IV VOTING RIGHTS

4.01. Classes. The Association shall have two classes of voting membership:

(a) Class A. Class A Members shall be all those Owners entitled to membership as defined in Section 3.01, with the exception of the Declarant. Class A Members shall be entitled to one (1) vote for each Condominium in which they hold the interest required for membership by Section 3.01. When more than one person holds such interest in any Condominium, all such persons shall be Members, and the vote for such Condominium shall be exercised as they determine among themselves, but in no event shall more than one vote be cast with respect to any such Condominium. Any votes cast with regard to any such Condominium in violation of this provision shall be null and void.

(b) Class B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to three

(3) votes for each Condominium in which it holds the interest required for membership by Section 3.01; provided that the Class B membership shall forever cease and become converted to Class A membership on the happening of any of the following events, whichever occurs earliest:

(i) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership;

(ii) On the second anniversary of the date of the original issuance by the California Department of Real Estate of the most recently issued final subdivision public report with respect to any phase of Stream House;

(iii) On the fourth anniversary of the date of the original issuance by the California Department of Real Estate of a final subdivision public report for Project No. 1.

4.02. Restrictions on Voting Rights. The voting rights of both classes of membership shall be subject to the restrictions and limitations provided in the Declaration, the Articles and these Bylaws.

## ARTICLE V

### MEMBERS' USE OF COMMON AREA

5.01. Common Area. Each Member shall be entitled to the use and enjoyment of the Common Area and facilities thereon as provided in Article IV of the Declaration.

5.02. Delegation of Right of Use. Subject to Section 4.02 of the Declaration, any Member may delegate his rights of use and enjoyment of the Common Area and facilities thereon to the members of his Family, his tenants and contract purchasers who reside in his Residential Element. Such Member shall notify the Secretary in writing of the name of any such person or persons and of the relationship of the Member to such person or persons. The rights and privileges of such persons are subject to suspension under Section 3.04 to the same extent as those of the Member.

## ARTICLE VI

### MEETINGS OF MEMBERS

6.01. Place of Meetings. All annual and other meetings of Members shall be held within Stream House, or at such other meeting place which is as close thereto as possible, which may be designated by the Board; provided, however, unless unusual conditions exist, meetings of Members shall not be held outside of the County.

6.02. Annual Meetings. The first annual meeting of the Members shall be held within forty-five (45) days after fifty-one percent (51%) of the Condominiums within Project No. 1 have been sold (as evidenced by the recording of a deed or other instrument of conveyance), but in no event shall said meeting be held later than six months after the sale (as evidenced by the recording of a deed or other instrument of conveyance) of the first Condominium. Each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 8:00 o'clock p.m. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday. Regular meetings of the Members shall be held not less frequently than one each calendar year.

6.03. Special Meetings. Special meetings of the Members shall be promptly called by the Board upon the vote for such a meeting by a majority of a quorum of the Board or upon receipt by the Board of written request for such a meeting by Members holding not less than five percent (5%) of the total voting power of the Association.

6.04. Notice of Meeting. Written notice of regular and special meetings of the Members shall be given to each Member by, or at the direction of, the Board either (a) by personal delivery or (b) by mailing a copy of such notice to the address of such Member appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, date and hour of the meeting and, in the case of a special meeting, the general nature of the business to be transacted. In the case of a regular meeting, the notice shall specify those matters which the Board, at the time of the giving of the notice, intends to present for action by the Association (although any proper matter may be presented

at the meeting for action by the Members). The notice of any meeting at which directors are to be elected shall include the names of all those who are nominees at the time the notice is given to Members. Any approval of the Members required under Sections 7222, 7224, 7233, 7812 or 8719 of the Code, other than unanimous approval by those entitled to vote, shall be valid only if the general nature of the proposal so approved was stated in the notice of meeting or in any written waiver of notice.

At least 10 days notice and not more than 90 days notice of any such meeting shall be provided; provided that if notice is given by mail and not mailed by first class, registered or certified mail, notice shall be given no less than 20 days before the meeting. If the Member supplies no address, notice shall be deemed to have been given him if: (a) posted at at least one prominent place within the Common Area, or (b) published at least once in some newspaper of general circulation in the County.

An affidavit of the mailing or other means of giving any notice of any Members' meeting shall be executed by the Secretary or Assistant Secretary of the Association, shall be filed and maintained in the minute book of the Association and shall be prima facie evidence of the giving of the notice.

6.05. Quorum and Adjournment. The presence in person or by proxy of Members entitled to exercise not less than a majority of the voting power of the membership shall constitute a quorum for the transaction of business. 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, if any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum.

If a quorum is present, the meeting may be adjourned from time to time by the vote of a majority of the Members present in person or by proxy and entitled to vote thereat. If the meeting is adjourned for forty-five (45) days or more, or if, after the adjournment, a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting other than by announcement at the meeting at which such adjournment is taken. At any adjourned meeting, the

Association may transact any business which might have been transacted at the original meeting.

If the required quorum is not present or represented at the meeting, the Members entitled to vote thereat may adjourn the meeting (but may not transact any other business), without notice, to a time not less than five (5) days nor more than thirty (30) days from the time the preceding meeting was called, and the required quorum at any such subsequent meeting shall be twenty-five percent (25%) of the total voting power of the Association; provided, however, if less than thirty-three percent (33%) of the total voting power of the Association is present or represented at any such subsequent meeting, the only matters which may be voted upon thereat are matters, notice of the general nature of which was given pursuant to Section 6.04. 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 not fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings.

Except where a greater portion of the voting power is required by the Articles, the Declaration or these Bylaws, a majority of the voting power present, in person or by proxy, shall prevail at all meetings.

6.06. Proxies. Every Member entitled to vote shall have the right to do so either in person or by agent or agents authorized by a written proxy executed by such Member and filed with the Secretary of the Association. A validly executed proxy which does not state that it is irrevocable shall continue in full force and effect unless (i) revoked by the Member executing it, prior to the vote pursuant thereto, by a writing delivered to the Association stating that the proxy is revoked or by a subsequent proxy executed by, or attendance at the meeting and voting in person by, the Member executing the proxy; or (ii) written notice of the death or incapacity of the maker of the proxy is received by the Association before the vote pursuant thereto is counted; or (iii) the Member executing the proxy conveys his Condominium, in which event such proxy shall automatically terminate upon such conveyance; provided, however, that no such proxy shall be valid after 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 not exceed 3 years from the date of execution. A proxy that states on its face that it is irrevocable shall nonetheless automatically terminate when the Member who executed such proxy conveys



his Condominium and, in addition, the revocability of such a proxy shall otherwise be governed by the provisions of the California Nonprofit Mutual Benefit Corporation Law.

Anything to the contrary notwithstanding, any revocable proxy covering matters requiring a vote of the Members pursuant to Sections 7222, 7224, 7233, 7613(f) (1), 7812, 7911(a) (2), 8012, 8015(a), 8610 or 8719(a) of the Code is not valid as to such matters unless it sets forth the general nature of the matter to be voted upon.

If the Association has more than 100 Members, any form of proxy distributed to 10 or more Members shall afford an opportunity on the proxy to specify a choice between approval and disapproval of each matter or group of related matters intended, at the time the proxy is distributed, to be acted upon at the meeting for which the proxy is solicited, and shall provide, subject to reasonable specified conditions, that where the person solicited specifies a choice with respect to any such matter the vote shall be cast in accordance therewith. In any election of directors, any form of proxy in which the directors to be voted upon are named therein as candidates and which is marked by a Member "withhold" or otherwise marked in a manner indicating that the authority to vote for the election of directors is withheld, shall not be voted either for or against the election of a director. Failure to comply with this paragraph shall not invalidate any Association action taken, but may be the basis for challenging any proxy at a meeting and the superior court may compel compliance therewith at the suit of any Member.

6.07. Voting Cumulative. Voting may be viva voce or by ballot; provide, however, that all elections for directors must be by secret ballot. Every Member entitled to vote at any election for directors of the Association shall have the right to cumulate his votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which he is entitled, or to distribute his votes on the same principle among as many candidates as he shall think fit; provided, however, that no Member shall be entitled to cumulate votes on behalf of any candidate or candidates for director unless such candidate's or candidates' names have been placed in nomination prior to the voting and the Member has given notice at the meeting prior to the voting of the Member's intention to cumulate votes. If any one Member has given such notice, all Members entitled to vote may cumulate their votes for candidates in nomination. The candidates receiving the

highest number of votes, up to the number of directors to be elected, shall be elected.

6.08. Waiver of Notice; Consent. The transactions of any meeting of Members, either annual or special, however called and noticed, and wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum is 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 a holding of such meeting, or an approval of the minutes thereof. Attendance of a Member at a meeting shall also constitute a waiver of notice of such meeting, except when the Member objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened, and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required by Section 7511(f) of the Code to be included in the notice of such meeting but not so included, if such objection is expressly made at the meeting. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

6.09. Action Without Meeting. Any action which may be taken at any regular or special meeting of the Members, may be taken without a meeting, if the Association distributes a written ballot to every Member entitled to vote on the matter. Such ballot shall set forth the proposed action, provided an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Association. All such written ballots shall be filed with the Secretary of the Association and maintained in the corporate records. Approval by written ballot pursuant to this Section shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be 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. All solicitations of ballots shall indicate the number of responses needed to meet the quorum requirement and shall state the percentage of approvals necessary to pass the measure submitted. The solicitation shall specify the time by which the ballot must be received in order to be counted. A written ballot may not be revoked. Directors may not be elected by written ballot under this Section.

6.10. Special Election of Director. At any meeting of Members at which directors are to be elected, from the first election of the directors of the Board and thereafter for so long as a majority of the voting power of the Association resides in the Declarant or so long as there are two outstanding classes of membership in the Association, not less than twenty percent (20%) of the members of the Board shall have been elected solely by the votes of Members other than Declarant. At any meeting of Members at which directors are to be elected while a majority of the voting power of the Association resides in the Declarant or while there are two outstanding classes of membership, a special election of directors shall be conducted, if necessary, in order to comply with the requirement that twenty percent (20%) of the members of the Board shall have been elected solely by the votes of Members other than Declarant. Said special election shall be conducted in accordance with the following procedures:

(a) Nominations for election to the Board shall be made from the floor only by said Members (excluding Declarant);

(b) Such nominations may be made from among Members or non-Members;

(c) The nominee or nominees receiving the highest number of votes shall be elected;

(d) The Declarant shall not vote at said election;

(e) Any such special election shall be held immediately prior to the regular election of directors at the same meeting. At the regular election the number of directors to be elected shall be reduced accordingly so that the total number of directors elected at the special and regular elections will equal the number of directors to be elected at the meeting but in all other respects such regular election shall be held and conducted in the normal manner in accordance with the provisions of these Bylaws. All Members (including those voting at the special election) shall be entitled to vote at the regular election;

(f) Directors elected to the Board solely by the votes of Members other than Declarant may be removed from the Board prior to the expiration of their term on the Board

only by the vote of Members, other than Declarant, holding not less than fifty-one percent (51%) of the voting power of the Association.

6.11. Record Date. For purposes of determining the Members entitled to notice of any meeting or to vote or entitled to cast written ballots with respect to corporate action without a meeting, the Board may fix, in advance, a record date, which shall not be more than forty (40) days nor less than ten (10) days prior to the date of the meeting nor more than forty (40) days prior to the action without a meeting, and in such case only Members of record on the date so fixed are entitled to notice and to vote or to cast written ballots, as the case may be, notwithstanding any transfer of membership on the books of the Association after the record date, except as otherwise provided in the California Nonprofit Mutual Benefit Corporation Law.

If the Board does not so fix a record date:

(a) The record date for determining Members entitled to notice of or to vote at a meeting of Members shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held.

(b) The record date for determining the Members entitled to cast written ballots shall be the day on which the first written ballot is mailed or solicited.

## ARTICLE VII

### BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

7.01. Number. The authorized number of directors of the Association shall be five (5), until changed by a bylaw duly adopted by the Members amending this Section. Directors need not be Members of the Association.

7.02. Election and Term. The first election of the directors shall be conducted at the first annual meeting of the Members. All positions on the Board shall be filled at such first election in accordance with the provisions set forth below. Except as provided in the following sentence, each director shall serve for a term of two (2) years (until the second ensuing annual meeting of Members). At the first annual meeting of Members, the three (3) directors receiving the highest number of votes shall each be elected for a term

of two (2) years, and the two (2) directors receiving the next highest number of votes shall each be elected for a term of one (1) year. At each annual meeting of Members thereafter, directors shall be elected to fill vacancies created by resignations or expirations of the terms of directors or otherwise. If any annual meeting is not held, or the directors are not elected thereat, the directors may be elected at any special meeting of Members held for that purpose. All directors, including any directors elected to fill a vacancy, shall, subject to the terms and provisions of these Bylaws, hold office until the expiration of the term for which elected and until their respective successors are elected and qualified.

7.03. Vacancies. Vacancies in the Board may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director, except that a vacancy created by the removal of a director may be filled only by the vote of a majority of all Members at a duly held meeting. Each director so elected shall hold office for the unexpired term of his predecessor and until his successor is elected and qualified at an annual meeting of Members, or at a special meeting called for that purpose.

Subject to the provisions of Section 6.10(f), any director may be removed from the Board, with or without cause, by a vote of the Members cast in the same manner as such votes may be cast for the election of directors as set forth in these Bylaws; provided, however, unless the entire Board is removed from office by vote of the Members, a director shall not be removed from the Board prior to the expiration of his term as a director if the number of votes cast against his removal would be sufficient to elect the director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of directors authorized at the time of the most recent election of said director were then being elected.

A vacancy or vacancies shall be deemed to exist in case of the death, resignation, or removal of any director, or if the Board by resolution declares vacant the office of a director who has been declared of unsound mind by a final order of court or who has been convicted of a felony, or if the Members shall increase the authorized number of directors but shall fail at the meeting at which such increase is authorized, or at an adjournment thereof, to elect the additional directors so provided for, or if Members fail at any time to elect the full number of authorized directors.

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 these Bylaws is voted authorizing an increase in the number of directors.

Any director may resign effective upon giving written notice to the chairman of the Board, the President, the Secretary or the Board, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation of a director is effective at a future time, a successor may be elected by the Board to take office when the resignation becomes effective.

No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

7.04. Compensation. No director shall receive compensation for any service he may render to or on behalf of the Association; provided, however, that nothing contained herein shall be construed to preclude any director of the Association from serving the Association as agent, counsel or in any capacity other than as director, and receiving compensation therefore, and it shall not be construed to preclude any director from being reimbursed for his actual expenses incurred in the performance of his duties.

## ARTICLE VIII

### NOMINATION OF DIRECTORS

Nomination for election to the Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting or special meeting as the case may be. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board, and two or more Members of the Association. The Nomination Committee shall be appointed by the Board prior to each annual meeting to serve until the close of such annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-Members.

## ARTICLE IX

### MEETING OF DIRECTORS

9.01. Place of Meeting. Regular and special meetings of the Board shall be held at any place within Stream House which has been designated from time to time by resolution of the Board or by written consent of all members of the Board.

9.02. Organization Meeting. Immediately following each annual meeting of Members, the Board shall hold a regular meeting for the purpose of organization, election of officers, and the transaction of other business.

9.03. Other Regular Meetings. Other regular meetings of the Board shall be held at least once every three (3) months at such time and place within Stream House as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day thereafter ensuing which is not a legal holiday.

Notice of the time and place of any regular meeting and the meeting provided for in Section 9.02 shall be posted at a prominent place or places within the Common Area not less than ninety-six (96) hours prior to the scheduled time of the meeting. Written notice of regular meetings, specifying the time and place of the meeting shall be delivered personally to each director, charges prepaid, addressed to him at his address as it is shown upon the records of the Association, or if it is not so shown upon said records or is not readily ascertainable, at the place in which the meetings of the directors are regularly held. If such notice is mailed, it shall be deposited in the United States mail at least six (6) days prior to the time of the holding of the meeting. If such notice is delivered personally or by telegraph, it shall be delivered personally or to the telegraph company at least ninety-six (96) hours prior to the time of the holding of the meeting.

9.04. Special Meetings. Special meetings of the Board for any purpose or purposes may be called at any time by the President of the Association, or by any two directors other than the President.

Notice of the time and place of any special meeting and the nature of any special business to be considered shall be posted at a prominent place or places within the Common

Area not less than seventy-two (72) hours prior to the scheduled time of the meeting. Written notice of special meetings, specifying the time and place of the meeting and the nature of any special business to be considered, shall be delivered personally to each director, charges prepaid, addressed to him at his address as it is shown upon the records of the Association, or if it is not so shown upon said records or is not readily ascertainable, at the place in which the meetings of the directors are regularly held. If such notice is mailed, it shall be deposited in the United States mail at least four (4) days prior to the time of the holding of the meeting. If such notice is delivered personally or by telegraph, it shall be delivered personally or to the telegraph company at least seventy-two (72) hours prior to the time of the holding of the meeting.

9.05. Adjournment. A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and, subject to Section 9.01, place. If the meeting is adjourned for more than 24 hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

9.06. Waiver of Notice; Consent. The transaction of any meeting of the Board, 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 a consent to the holding of such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to that director.

9.07. Quorum. A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 9.05. Every act or decision done or made 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, subject to the provisions of Sections 7212, 7233, 7234 and subdivision (e) of Section 7237 of the Code.

Section 9.08. Action Without Meeting. Any action required or permitted to be taken by the Board may be taken without a



meeting if all members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed 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. If the Board resolves to take any action by unanimous written consent, an explanation of the action taken shall be posted at a prominent place or places within the Common Area no later than three (3) days after the unanimous written consent or consents of all the members of the Board have been obtained.

9.09. Membership Attendance at Board Meetings. Regular and special meetings of the Board shall be open to all Members; provided, however, Members who are not directors 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 the Board may, upon the majority vote of a quorum of the directors, adjourn a regular or special meeting and reconvene said meeting in executive session (at which session Members, other than those on the Board, shall not have the right to be present) to discuss and vote upon personnel matters, pending or threatened litigation in which the Association is or may become involved, or other matters of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

## ARTICLE X

### POWERS AND DUTIES OF THE BOARD OF DIRECTORS

10.01. Powers. Subject to the terms and provisions of the Articles, the Declaration, or these Bylaws, and the laws of the State of California as to action required to be authorized or approved by the Members, and subject to the duties of directors as prescribed by these Bylaws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Association shall be controlled by, the Board. Without prejudice to such general powers, but subject to the matters set forth in the preceding sentence, the Board is vested with and shall have the following powers:

(a) To select, appoint and remove all officers, agents and employees of the Association, prescribe such powers and duties for them as may not be inconsistent with law, with the Articles, the Declaration, or these Bylaws, fix their compensation and, at the discretion of the directors, require from them security for faithful service.

(b) To adopt and publish Association Rules which may, among other matters, govern the use of the Common Area and facilities and improvements thereon or thereto, the personal conduct of the Members and their guests and delegates thereon, and which rules may establish penalties for the infraction thereof.

(c) To conduct, manage, and control the affairs and business of the Association.

(d) To establish and change the principal office for the transaction of the business of the Association from one location to another within Stream House or such other place which is as close thereto as possible for the holding of any Members' meeting or meetings.

(e) To adopt, make, and use a corporate seal and to alter the form of such seal from time to time as in their judgment they deem best; provided such seal shall at all times comply with the provisions of law.

(f) To borrow money and incur indebtedness for the purposes of the Association, and to cause to be executed and delivered, in the Association name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidence of debt and securities therefore.

(g) To maintain and otherwise manage, or cause to be managed, the Common Area and all facilities and improvements thereon and thereto, and all other property acquired by the Association, and to contract and pay for maintenance, gardening, utilities, materials and supplies and services relating to the Common Area and/or facilities, and improvements thereon and thereto, and to employ personnel reasonably necessary for the operation of the Association, including lawyers and accountants where appropriate.

(h) To maintain, or cause to be maintained, such Maintenance Areas as may be established from time to time as provided in the Declaration or in any Supplementary Declaration of Covenants, Conditions and Restrictions recorded in accordance with Article II of the Declaration.

(i) To pay taxes and special assessments which are or could become a lien on the Common Area or on any other property acquired by the Association, unless separately assessed to the Owners.

(j) Where appropriate, to pay for reconstruction of any portion or portions of the Common Area damaged or destroyed which are to be rebuilt.

(k) To grant easements where necessary for utilities and sewer facilities over the Common Area.

(l) To exercise all other powers granted to the Board by the Declaration , the Articles or these Bylaws, or the laws of the State of California.

10.2. Duties. It shall be the duty of the Board:

(a) To cause to be kept a complete record of all of its acts and corporate affairs.

(b) To supervise all officers, agents and employees of the Association, and to see that their duties are properly performed.

(c) As more fully provided in the Declaration, to:

(1) Fix the amount of the Regular Assessments against each Condominium at least sixty (60) days in advance of each Assessment Period:

(2) Prepare a roster of the Condominiums within Stream House and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner during normal business hours; and

(3) Send written notice of each Assessment to every Owner subject thereto at least sixty (60) days in advance of each annual Assessment Period.

(d) To issue, or to cause an appropriate officer to issue, upon demand by any Owner, a certificate setting forth whether or not said Assessments or any portion thereof have been paid. A reasonable charge may be made by the Board for the issuance of such certificates. If a certificate states that said Assessments or any portion thereof have been paid, such certificate shall be conclusive evidence of such payment.

(e) To contract and pay premiums for fire, casualty, liability and other insurance, including indemnity and other bonds.

(f) To cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

(g) Subject to the terms and provisions of the Declaration, to cause the Common Area and all facilities and improvements thereon and thereto and all other property of the Association to be maintained and managed.

(h) To cause to be maintained such Maintenance Areas as may be established from time to time as provided in the Declaration or in any Supplementary Declaration of Covenants, Conditions and Restrictions recorded in accordance with Article II of the Declaration.

(i) To perform all other duties as may be required of the Board by the Declaration, the Articles, these Bylaws or the laws of the State of California.

## ARTICLE XI

### COMMITTEES

11.01. Committees of Directors. The Board may, by resolution adopted by a majority of the authorized number of directors, designate one or more committees, each consisting of two or more directors, to serve at the pleasure of the Board. The Board may designate one or more directors as alternate members of any committee, who may replace any absent member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the Board, may have all the authority of the Board, except with respect to:

(a) The approval of any action which, under the California Nonprofit Mutual Benefit Corporation Law, also requires Members' approval;

(b) The filling of vacancies on the Board or in any committee which has the authority of the Board;

(c) The fixing of compensation of the directors for serving on the Board or on any committee;

(d) The amendment or repeal of bylaws or the adoption of new bylaws;

(e) The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable;

(f) The appointment of any other committees of the Board or the members thereof.

(g) The expenditure of corporate funds to support a nominee for directors after there are more people nominated for director than can be elected.

11.02. Meetings and Action. Meetings and action of committees shall be governed by, and held and taken in accordance with, the provisions of Sections 9.01 (place of meetings), 9.03 (regular meetings), 9.04 (special meetings), 9.05 (adjournment), 9.06 (waiver of notice and consent), 9.07(quorum), 9.08 (action without meeting) and 9.09 (membership attendance), with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the Board, except that the time of regular meetings of committees may be determined by resolution of the Board as well as the committee; special meetings of committees may also be called by resolution of the Board; and notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The Board may adopt rules for the government of any committee not inconsistent with the provisions of these Bylaws.

11.03. Committees. Committees designated by the Board may include:

(a) A Recreational Committee which shall advise the Board of all matters pertaining to the recreational program and activities of the Association and shall perform such other functions as the Board in its discretion determines;

(b) A Maintenance Committee which shall advise the Board on all matters pertaining to the maintenance, repair or improvement of the Common Area within Stream House and shall perform such other functions as the Board in its discretion determines;

(c) A Publicity Committee which shall inform the Members of all activities and functions of the Association, and shall, after consulting with the Board, make such public releases and announcements as are in the best interests of the Association.

11.04. Complaints. It shall be the duty of each committee to receive complaints from Members on any matter involving Association functions and duties within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matters presented.

## ARTICLE XII

### OFFICERS

12.01. Officers. The officers of the Association shall be a President, a Vice President, a Secretary, and a Chief Financial Officer. The Association may also have, at the discretion of the Board, a Chairman of the Board, one or more additional Vice Presidents, one or more Assistant Secretaries, and one or more Assistant Chief Financial Officers, and such other officers as may be appointed in accordance with the provisions of Section 12.03. The President and the Chairman of the Board, if any, shall at all times be Directors. The Secretary and Chief Financial Officer and the holders of such other offices as may be created from time to time pursuant to resolution of the Board need not be Directors or Members. Any number of offices may be held by the same person, except that neither the Secretary nor the Chief Financial Officer may serve concurrently as either the President or the Chairman of the Board.

12.02. Election. The officers of the Association, except such officers as may be appointed in accordance with the provisions of Section 12.03 or Section 12.05, shall be chosen by the Board, and each shall serve at the pleasure of the Board, subject to the rights, if any, of an officer under any contract of employment.

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

12.04. Resignation. Any officer may resign at any time by giving written notice to the Board or to the President or to the Secretary of the Association. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any such resignation is without prejudice to the rights, if any, of the Association under any contract to which the officer is a party.

12.05. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause, shall be filled in the manner prescribed in these Bylaws for regular appointments to such office.

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

12.07. President. Subject to such supervisory powers, if any, as may be given by the Board to the Chairman of the Board, if there shall be such an officer, the President shall be the chief executive officer of the Association, and shall, subject to the control of the Board, have general supervision, direction and control of the business and officers of the Association. He shall preside at all meetings of the Members and in the absence of the Chairman of the Board, or if there be none, at all meetings of the Board. He shall be an ex officio member of all the standing committees and shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

12.08. Vice President. In the absence or disability of the President, the Vice President designated by the Board (if there is more than one 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 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 or these Bylaws.

12.09. Secretary. The Secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the Board may order, of all meetings of directors, committees of directors and Members with the time and place of holding, whether regular or special, and if special how authorized, the notice thereof given, the names of those present at directors' and committee meetings, the Members present or represented at Members' meetings and the proceedings thereof. The Secretary shall keep, or cause to be kept, a membership register containing the name and address of each Member. Termination of any membership shall be recorded in the book, together with the date on which the membership ceased.

The Secretary shall give, or cause to be given, notice of all the meetings of the Members and of the Board required by these Bylaws, the Articles, the Declaration or by law to be given, and he 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 or these Bylaws.

12.10. Chief Financial Officer. The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Association. The books of account shall at all times be open to inspection by any Director.

The Chief Financial Officer shall deposit, or cause to be deposited, all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. He shall disburse, or cause to be disbursed, the funds of the Association as may be ordered by the Board, shall render to the President and directors, whenever they request it, and account of all of his transactions as Chief Financial Officer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of these Bylaws.

12.11. Compensation. No officer shall receive compensation for any service he may render to or on behalf of the Association; provided, however, that nothing contained herein shall be construed to preclude any officer of the Association from serving the Association as agent, counsel or in any capacity other than as officer, and receiving compensation therefore, and it shall not be construed to preclude officers from being reimbursed for expenses incurred in the performance of their duties.

### ARTICLE XIII

#### RECORDS AND REPORTS

13.01. Inspection of Association Records. The membership register referred to in Section 12.09, books and records of account and minutes of meetings of the Members, of the Board and of any committees of the Board shall be made available for inspection and copying by any Member, or



by the duly appointed representative of such Member, at any reasonable time and for a purpose reasonably related to the interest of such Member as a Member of the Association, at the principal office of the Association or at such place within Stream House as the Board shall, from time to time, prescribe. The Board shall establish reasonable rules with respect to: (a) notice to be given to the custodian of the records of the Association or of the Board by the Member desiring to make inspection of such records, (b) the hours and days of the week when such an inspection may be made, and (c) payment of the cost of reproducing copies of documents requested by a Member, pursuant to Section 8330 of the Code or otherwise. Every Director shall have the absolute right at any reasonable time to inspect and make extracts and copies of all books, records and documents of the Association and to inspect physical properties owned or controlled by the Association.

13.02. Budgets and Financial Statements. The Board shall prepare, or cause to be prepared, financial statements for the Association. Such financial statements shall be regularly prepared and copies shall be distributed to each member as follows:

(a) A pro forma operating statement (budget) for each fiscal year shall be distributed not less than sixty (60) days before the beginning of the fiscal year.

(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 closing of the first sale of a Condominium, and an operating statement for the period from the date of the first closing to such accounting date, shall be distributed within sixty (60) days after such accounting date. This operating statement shall include a schedule of Assessments received and receivable identified by the Unit number of the Condominium subject to each Assessment and the name of the Owner of such Condominium.

(c) An annual report consisting of: (i) a balance sheet as of the last day of the Association's fiscal year; (ii) an operating (income) statement for that fiscal year; (iii) a statement of changes in financial position for that fiscal year; and (iv) any information required by Section 8322 of the Code, or otherwise required by law, shall be distributed within one hundred twenty (120) days after the close of the fiscal year.

(d) An external audit by an independent public accountant shall be required for fiscal year financial statements (other than budgets) for any fiscal year in which the gross income of the Association exceeds \$75,000.00. If the fiscal year financial statements (other than

budgets) are not prepared by an independent public accountant for any fiscal year in which the gross income of the Association exceeds \$75,000.00, the fiscal year financial statements shall be accompanied by the certificate of the Chief Financial Officer that the statements were prepared without audit from the books and records of the Association.

13.03. Maintenance and Inspection of Articles and Bylaws. The Association shall keep at its principal office for the transaction of business, the original or a copy of its Articles and Bylaws as amended to date, which shall be open to inspection by the Members at all reasonable times during office hours.

#### ARTICLE XIV

##### INDEMNIFICATION OF AGENTS

14.01. Indemnification. The Association may, to the maximum extent permitted by the California Nonprofit Mutual Benefit Corporation Law, indemnify each of its agents against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact that any such person is or was an agent of the Association. For purposes of this Article, an “agent” of the Association includes any person who is or was a director, officer, employee or other agent of the corporation, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or was a director, officer, employee or agent of a corporation which was a predecessor corporation of the Association or of another enterprise at the request of such predecessor corporation.

14.02. Advance of Expenses. Expenses incurred in defending any proceeding may be advanced by the Association prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Article.

14.03. Other Contractual Rights. Nothing contained in this Article shall affect any right to indemnification to

which persons other than directors and officers of the Association or any subsidiary thereof may be entitled by contract or otherwise.

14.04. Insurance. Upon and in the event of a determination by the Board to purchase such insurance, the Association shall purchase and maintain insurance on behalf of any agent of the Association against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not the Association would have the power to indemnify the agent against such liability.

ARTICLE XV  
AMENDMENTS

15.01. Power of Members. Bylaws may be adopted, amended, or repealed either at a meeting by the vote of Members entitled to exercise a majority of the voting power of each class of membership, or by the written consent of such Members, except as otherwise provided by law, the Declaration, or by the Articles. When the Class B membership becomes converted to Class A membership in accordance with the provisions of Article IV of these Bylaws, bylaws may be adopted, amended or repealed either at a meeting by the vote of (i) Members entitled to exercise a majority of the voting power of the membership and (ii) a majority of such Members other than Declarant, or by the written consent of such Members, except as otherwise provided by law, the Declaration or by the Articles.

15.02. Power of Directors. Subject to the right of Members as provided in Section 15.01 to adopt, amend or repeal Bylaws, Bylaws may be adopted, amended or repealed by the Board at any regular or special meeting thereof except Bylaws which would:

- (a) Materially and adversely affect the rights of Members as to voting, dissolution, redemption, or transfer;
- (b) Increase or decrease the number of Members authorized in total or for any class;
- (c) Effect an exchange, reclassification or cancellation of all or part of the memberships;
- (d) Authorize a new class of membership;

- (e) Extend the terms of office of or increase the number of Directors;
- (f) Increase the quorum requirements of Article VI;
- (g) Repeal, restrict, create or expand the proxy rights of Article VI; or
- (h) Repeal or amend the cumulative voting provisions of Article VI.

## ARTICLE XVI

### GENERAL MATTERS

16.01. Checks, Drafts, Etc. All checks, drafts, or other orders for payment of money, notes, or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such person or persons and in such manner as from time to time shall be determined by resolution of the Board.

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

16.03. Construction and Definitions. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Mutual Benefit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the foregoing, the singular number includes the plural, the plural number includes the singular, the masculine, feminine and neuter genders include the other or others and the term “person” includes both a corporation and a natural person. All references in these Bylaws to the California Nonprofit Mutual Benefit Corporation Law or to

sections of the Code shall be deemed to be to such Law or sections as they may be amended and in effect and, if renumbered, to such renumbered provisions at the time of any action taken under the Bylaws.

16.04. Conflict. In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between Master Declaration or the Declaration and these Bylaws, the Master Declaration or the Declaration shall control; and, in the case of any conflict between the Articles and the Master Declaration or the Declaration, the Master Declaration or the Declaration shall control.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of Stream House Community Association, a California nonprofit mutual benefit corporation; and
  
2. That the foregoing Bylaws, comprising twenty nine (29) pages, constitute the Bylaws of said corporation as duly adopted at a meeting of the Board of Directors thereof duly held on January 21, 1982.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said corporation this 28<sup>th</sup> day of January, 1982.

< Signature On File >

Secretary