

BYLAWS  
OF  
PROMENADE VILLAS  
RECREATION & MANAGEMENT ASSOCIATION

T A B L E O F C O N T E N T S

	<u>Page No.</u>
ARTICLE I NAME AND LOCATION.....	1
ARTICLE II DEFINITIONS.....	1
ARTICLE III MEETING OF MEMBERS AND VOTING.....	1
ARTICLE IV BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE..	3
ARTICLE V NOMINATION AND ELECTION OF DIRECTORS.....	4
ARTICLE VI MEETING OF DIRECTORS.....	5
ARTICLE VII DUTIES AND POWERS OF THE BOARD OF DIRECTORS....	7
ARTICLE VIII OFFICERS AND THEIR DUTIES.....	10
ARTICLE IX COMMITTEES.....	13
ARTICLE X DISCIPLINARY COMMITTEE.....	13
ARTICLE XI BOOKS AND RECORDS.....	15
ARTICLE XII AMENDMENTS.....	16
ARTICLE XIII MISCELLANEOUS.....	16

AMENDMENT TO  
BYLAWS OF  
PROMENADE VILLAS RECREATION AND MANAGEMENT ASSOCIATION


THE PROMENADE VILLAS RECREATION AND MANAGEMENT ASSOCIATION, a California nonprofit mutual benefit corporation, hereby amends Article V, Section 2 of the Association's Bylaws as follows:

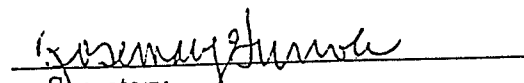
"2. Election. The first election of the Board shall be conducted at the first meeting of the Association. Voting for the Board members shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to cast under the provisions of the Declaration. Persons receiving the largest number of votes shall be elected. *Cumulative voting is not permitted.* A Board member who has been elected to office solely by the votes of members of the Association other than Declarant may be removed from office prior to the expiration of his term of office only by vote of at least a simply majority of the voting power residing in Association members other than Declarant."

Except as amended herein, the Bylaws of the Promenade Villas Recreation and Management Association are hereby ratified in their entirety.

IN WITNESS WHEREOF, the undersigned officers of the Promenade Villas Recreation and Management Association hereby certify that the foregoing Amendment was duly approved by the members of the Association, pursuant to these Bylaws, on December 22, 1999.

PROMENADE VILLAS RECREATION AND  
MANAGEMENT ASSOCIATION,  
a California nonprofit mutual benefit corporation

By:   
President

By:   
Secretary

BYLAWS  
OF  
PROMENADE VILLAS  
RECREATION & MANAGEMENT ASSOCIATION

ARTICLE I

NAME AND LOCATION

1. The name of the corporation is PROMENADE VILLAS RECREATION & MANAGEMENT ASSOCIATION, a California Non-Profit Corporation, hereinafter referred to as the "Association". The principal office of the Association shall be located at 5325 East Pacific Coast Highway, Long Beach, California 90804.

ARTICLE II

DEFINITIONS

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

2. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions & Restrictions establishing a plan for residential development applicable to that real property more particularly described in Exhibit "A" attached hereto.

ARTICLE III

MEETING OF MEMBERS AND VOTING

1. Annual Meeting. The first annual meeting of the members shall be held not later than six (6) months after the close of escrow on the sale of the first lot in the project or within forty-five (45) days after the closing of the sale of the project interest which represents the fifty-first percentile interest authorized for sale under the first public report for the project, whichever occurs first. The next annual meeting shall be set by the Board of Directors so as to occur no later than ninety (90) days after the close of the Association's fiscal year. Subsequent regular meetings of the members shall be held within thirty (30) days of the same day of the same month of each year thereafter. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following, which is not a legal holiday (excluding Saturday and Sunday).

2. Special Meetings. A special meeting of the members shall be promptly called by the Board of Directors upon: (a) the vote for such a meeting by a majority of a quorum of the Board of Directors; or (b) the Chairman of the Board, or (c) the President, or (d) receipt of a written request therefor signed by members representing not less than five percent (5%) of the total voting power of the Association.

3. Notice and Place of Meeting. Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting by personal delivery or mailing a copy of such notice, postage prepaid, at least ten (10) but not more than thirty (30) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. Meetings shall be held within the project or at a meeting place within the county, as close to the project as possible. Upon written request in writing to the Chairman of the Board, President, Vice President or Secretary by any person (other than the Board) entitled to call a special meeting of members, the Secretary or person authorized to call the meeting shall cause notice to be given to the members entitled to vote at a meeting to be held at a time fixed by the Board not less than thirty-five (35) nor more than ninety (90) days after the receipt of the request. Notice of the time and place of meeting shall be posted at a prominent place within the common area, and shall be communicated to directors not less than four (4) days prior to the meeting, provided, however, that notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.

4. Quorum. The presence either in person or by proxy at any meeting, of members entitled to cast at least fifty-one percent (51%) of the total voting power of the Association shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these ByLaws. If, however, such quorum shall not be present or represented at any meeting, a majority of those present in person or by proxy may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum shall be a date not less than five (5) days and not more than thirty (30) days from the original meeting date. The quorum for such a meeting shall be not less than twenty-five percent (25%) of the total voting power of the Association present either in person or by proxy. No notice of the adjourned date of the meeting shall be required other than announcement at the meeting. If after the adjournment a new record date is fixed for the adjourned meeting, a notice of adjourned meeting shall be given

to each member of record entitled to vote at the meeting. The only matters that may be voted upon at any regular meeting actually attended, in person or by proxy, but less than thirty-three and one third percent (33 1/3%) of the voting power of the Association are matters notice of the general nature of which was given pursuant to Section 3 of Article III hereof.

5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the SEcretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his lot, or upon receipt of notice by the Secretary of the Board of the death or judicially declared incompetence of such member, or on expiration of eleven (11) months from the date of proxy. Every form of proxy or written ballot which provides an opportunity to specify approval or disapproval with respect to any proposal shall also contain a space marked "abstain". Any form of written ballot distributed by any person to the membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon, except it shall not be mandatory that a candidate for election to the Board be named in the written ballot. The written ballot shall provide that, where the Members specifies a choice, the vote shall be cast in accordance with that choice.

6. Membership and Voting. Membership shall be held as provided for in the Declaration. The Association shall have two classes of voting membership as more particularly described and existing as set forth in the Declaration.

7. Action Without Meeting. Any action that may be taken at any annual or special meeting of members (except the election of Directors) may be taken without a meeting in accordance with the provisions of California Corporations Code §7513.

#### ARTICLE IV

##### BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

1. Number. The affairs of this Association shall be managed by a Board of three (3) directors, who need not be members of the Association, until conversion of Class B membership to Class A, after which time all directors must be members of the Association.

2. Term of Office. At the first meeting and at each annual meeting thereafter of the Association, the members shall elect three (3) directors for a term of one (1) year.

3. Removal. Unless the entire Board is removed from office by the vote of Association members, no individual Board member shall be removed prior to the expiration of his or her term of office if the votes cast against 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 and the entire number of Board members authorized at the time of the most recent election of the Board member were then being elected. In the event of death, resignation or removal of a director, his successor shall be selected by a majority of the remaining members of the Board and shall serve for the unexpired term of his predecessor.

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

#### ARTICLE V

#### NOMINATION AND ELECTION OF DIRECTORS

1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members. Notice to the members of the meeting shall include the names of all those who are nominees at the time the notice is sent. All candidates shall have reasonable opportunity to communicate their qualifications to members and to solicit votes.

2. Election. The first election of the Board shall be conducted at the first meeting of the Association. Voting for the Board members shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to cast under the provisions of the Declaration. Persons receiving the largest number of votes shall be elected. Cumulative voting in the election of Board members shall be prescribed for all elections

in which more than two positions on the Board are to be filed subject to the provision that no Association member shall be entitled to cumulate votes for a candidate or candidates for Board membership unless such candidate's name or candidates' names have been placed in nomination prior to the voting and the Association member has given notice at the meeting prior to the voting of the Association member's intention to cumulate votes. If any one Association member has given such notice, all Association members may cumulate their votes for candidates in nomination. At any election in which the members other than the Declarant do not have a sufficient percentage of the voting power of the Association to elect at least one director through the accumulating of all of their votes, the person nominated for the Board who receives the highest number of votes cast by members other than Declarant shall be elected to the Board, and the remaining directors shall be elected in accordance with normal voting procedures. A Board member who has been elected to office solely by the votes of members of the Association other than Declarant may be removed from office prior to the expiration of his term of office only by vote of at least a simple majority of the voting power residing in Association members other than Declarant.

#### ARTICLE VI

##### MEETINGS OF DIRECTORS

1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly at such place within the project and at such hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the same day which is not a legal holiday, excluding Saturday and Sunday. Notice of the time and place of the meeting shall be posted at a prominent place within the Common Area.

2. Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President of the Association, or by any two directors other than the President. Notice shall specify the time and place of the meeting and the nature of any business to be considered. Notice shall be sent to all directors and posted at a prominent place within the Common Area and not less than seventy-two (72) hours prior to the scheduled time of the meeting.

3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act performed or decision made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

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

5. Executive Session. The Board may, with approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personal matters, litigation in which the Association is or may become involved, disciplinary matters, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

6. Telephone Meetings. Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all directors participating in the meeting can hear one another, and all such directors shall be deemed to be present in person at such meeting. An explanation of the action taken shall be posted at a prominent place within the Common Area within three (3) days after the meeting.

7. Waiver of Notice. Notice of a meeting need not be given any director, who either before or after the meeting, signs a waiver of notice, a written consent to the holding of the meeting, or an approval of the minutes of the meeting. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents and approvals shall be filed with the Association's records or made a part of the minutes of the meeting. Notice of a meeting need not be given to any director who attends the meeting and does not protest, before or at the commencement of the meeting, the lack of notice to him or her.

8. Adjourned Meetings. The majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given unless the original meeting is adjourned for more than twenty-four (24) hours. If the original meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time and place shall be given, for the time of the adjourned meeting, to the directors who were not present at the time of the adjournment. Notice of the adjourned meeting shall be posted at a prominent place within the Common Area.

9. Action without Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the minutes of the proceedings of



the Board. An explanation of the action taken shall be posted at a prominent place or places within the common area within three (3) days after the written consents of all Board Members have been obtained.

## ARTICLE VII

### DUTIES AND POWERS OF THE BOARD OF DIRECTORS

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

- (a) Maintenance: Maintain the project in accordance with the Declaration;
- (b) Insurance: Maintain insurance as required by the Declaration;
- (c) Discharge of Liens: Discharge by payment, if necessary, any lien against the Common Area and assess the cost thereof to the member or members responsible for the existence of said lien;
- (d) Assessments: Fix, levy, collect and enforce assessments as set forth in the Declaration;
- (e) Expenses and Obligations: Pay all expenses and obligations incurred by the Association in the conduct of its business, including, without limitations, all licenses, taxes or governmental charges levied or imposed against the property of the Association;
- (f) Records: Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth ( $\frac{1}{4}$ ) of the Class A members;
- (g) Supervision: Supervise all officers, agents, and employees of the Association, and to see that their duties are properly performed;
- (h) Enforcement: Enforce these ByLaws and the Declaration.
- (i) Financial Review: Review at least on a quarterly basis a current reconciliation of the Association's operating and reserve accounts, the current year's annual reserve revenues and expenses compared to the current year's budget and income and expense statement for the

Association's operating and reserve accounts. In addition, the Board shall review the latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts.

(j) Reserve Accounts: Require that at least two signatures be needed for the withdrawal of moneys from the Association's reserve accounts, who either shall be members of the Board or one member of the Board and one officer who is not a member of the Board. For all purposes herein, "Reserve Accounts" shall mean money that the Association's Board has identified from its annual budget for use to defray the future repair or replacement of, or additions to, those major components that the Association is obligated to maintain.

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

(a) Manager: Employ a manager as provided in the Declaration;

(b) Adoption of Rules: Adopt rules in accordance with the Declaration;

(c) Assessments, Liens and Fines: Levy and collect assessments and impose fines as provided in the Declaration;

(d) Enforcement: Enforce these ByLaws and the Declaration in accordance with the Declaration;

(e) Contracts: Contract for goods and/or services in accordance with the Declaration;

(f) Delegation: Delegate its authority and powers to committees, officers or employees of the Association;

(g) Use of Recreational Facilities: Limit the number of an owner's guests who may use the recreational facilities.

3. Prohibited Acts. The Board of Directors shall not take any of the following actions, except with the vote or written consent of a majority of the voting power of the Class A members:

(a) Enter into a contract with a third person wherein the third person will furnish goods or services for the Common Area or the Association for a term longer than one (1) year with the following exceptions:

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

(ii) 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 rates;

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

(iv) Agreements for cable television services and equipment or satellite dish, television services and equipment and agreements for sale or lease of burglar alarm and fire alarm equipment, installation and services are 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.

(b) Incurring aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

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

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

(e) Levy special assessments which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year; provided, however, notwithstanding any other provision contained in this Section, the Board may increase assessments necessary for emergency situations. For purpose of this Section, an emergency situation is any one of the following;

(i) An extraordinary expense required by an order of a court;

(ii) An extraordinary expense necessary to repair or maintain the subdivided property or any part of it for which the Association is responsible or a threat to personal safety on the property is discovered;

(iii) An extraordinary expense necessary to repair or maintain the subdivided property or any part of it for which the Association is responsible that could not have been reasonably foreseen by the Board in preparing and distributing the pro forma operating budget; provided, however, prior to the imposition or collection of an assessment under this division, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process, and the resolution shall be distributed to the Members with the notice of assessment.

## ARTICLE VIII

### OFFICERS AND THEIR DUTIES

1. Enumeration of Officers. The officers of this Association shall be a president and vice president, who shall at all times be members of the Board of Directors, a secretary and a chief financial officer and such other officers as the Board may from time to time by resolution create.

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

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

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

5. Resignation and Removal. Any officer may be removed from office by the Board with or without cause. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of 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.

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

7. Multiple Offices. The offices of secretary and chief financial officer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to this Article VIII, paragraph 4.

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

(a) President. The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

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

(c) Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of the Board of the members; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(d) Chief Financial Officer. The chief financial officer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall co-sign all checks and promissory notes of the Association; shall keep proper books of account; shall prepare and distribute financial statements to each member as follows:

(i) A pro forma operating statement (budget) for each fiscal year shall be distributed not less than 45 days nor more than sixty (60) days before the beginning of the fiscal year consisting of at least the following:

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

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

(c) An estimate of the current replacement

costs of the estimated remaining useful life of and the methods of funding to defray the costs of repair, replacement or addition to, major components of the common areas and facilities for which the Association is responsible to maintain;

(d) A general statement addressing the procedures used for the calculation and establishment of those revenues to defray the future repair, replacement or additions to those major components that are attributable to the areas which the association is obligated to maintain;

(ii) 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 lot in the project, and an operating statement for the period from the date of the first closing to the said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of assessments received and receivables identified by the numbers of the lot and the name or names of the owners assessed;

(iii) An annual report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year:

(A) A balance sheet as of the end of the fiscal year;

(B) An operating (income) statement for the fiscal year;

(C) A statement of changes in financial position for the fiscal year;

(D) Any information required to be reported under §8322 of the Corporations Code.

(iv) A review of the annual report referred to in (iii) above shall be prepared by a licensee of the California State Board of Accountancy in accordance with generally accepted accounting principles for any fiscal year in which the gross income to the Association exceeds \$75,000.00. If the report referred to in (iii) above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statements were prepared without independent audit or

review from the books and records of the Association. A copy of the review of the financial statement shall be distributed within 120 days after the close of each fiscal year.

(v) In addition to financial statements, the Chief Financial Officer shall annually distribute during the 60 day period immediately preceding the beginning of the Association's fiscal year, a statement describing the Association's policies and practices in enforcing lien rights, or other legal remedies for default in payment of its assessments against its owners and a statement of the place where the names and addresses of the current Members are located.

(vi) In lieu of the distribution of the financial statement required by subdivision 8(d)(i), the Board of Directors may elect to distribute a summary of the statement to all its members with a written notice that the statement is available at the business office of the Association or at another suitable location within the boundaries of the development and that copies will be provided upon request and at the expense of the Association. If any member requests a copy of the financial statement required by subdivision 8(d)(i) to be mailed to the member, the Association shall provide the copy to the member by first class United States mail at the expense of the Association and delivered within five (5) days. The written notice that is distributed to each of the Association members shall be in at least 10 point bold type on the front page of the summary of the statement.

## ARTICLE IX

### COMMITTEES

1. Committees. The Association shall appoint an Architectural Committee as provided in the Declaration, a Nominating Committee, as provided in these ByLaws and a Disciplinary Committee, as provided in these ByLaws. In addition, the Board of Directors shall appoint such other committees as deemed appropriate in carrying out its purposes.

## ARTICLE X

### DISCIPLINARY COMMITTEE

1. Members. The Disciplinary Committee shall consist of a chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Committee shall be

composed of not less than three (3), nor more than five (5) persons. The Disciplinary Committee shall be appointed by the Board of Directors at the annual meeting of the members and shall serve for a term of one (1) year until the next annual meeting of the members.

2. Non-Liability. No member of the Disciplinary Committee shall be liable for any action taken by reason of or resulting from any mistake in judgment, negligence or nonfeasance.

3. Powers. The Disciplinary Committee shall exercise the power to impose fines or take disciplinary action against any owner in accordance with the Declaration and shall exercise such power in accordance with the following provisions:

(a) Fines may be levied against an owner for any violation of the Declaration, these ByLaws, or the rules and regulations adopted by the Board of Directors, as may be amended from time to time, by any owner or by his or her family, relatives, guests or invitees, both minor or adult. Fines may be levied for each such offense, but only after approval of a majority vote of the Disciplinary Committee. For the first offense such fine shall not exceed \$25.00 or value of offense. For repeated offenses, fines shall not exceed \$100.00 or value of offense. For continuing offenses, fines shall not exceed \$100.00 per month or value of offense.

(b) Such fines shall not be levied until after the Disciplinary Committee shall have sent a letter of explanation to the owner stating the violation, the amount of the proposed fine and advising the homeowner that he is entitled to request a hearing within ten (10) days from the date of such letter. Upon receipt by the Chairman of the Disciplinary Committee of a request by the owner for a hearing, the Disciplinary Committee shall, within a reasonable time thereafter, set the matter for hearing and advise the owner of the date, time and place of said hearing, which hearing shall be no earlier than ten (10) days from such notice. The owner shall be entitled to offer evidence, both oral or in writing in his defense. The Committee shall be the judge of the admissibility of the evidence offered and conformity to legal rules of evidence shall not be necessary. If the owner does not appear at the time set for the hearing, the fine shall be considered in full force and effect.

(c) The owner shall have the right to appeal to the Board of Directors any ruling by the Disciplinary Committee, provided the owner sends notice of such appeal to the Board of Directors within ten (10) days after the date of the Committee's decision. Upon receipt of such notice of



appeal, the Board of Directors shall review the decision of the Committee, which decision shall be sustained if the Board finds that there is sufficient evidence to support it. In such event the decision of the Committee shall become final and such fines imposed by the Committee shall be considered in full force and effect.

(d) Upon the decision of the Committee becoming final the fine shall be payable forthwith. In the event the fine as assessed herein, shall not be characterized or treated as an assessment which may become a lien against the owner's interest in his lot and shall not be enforceable by a sale of the interest and foreclosed upon in the manner provided for in the Declaration.

(e) The power to levy such fines shall be in addition to the rights of the Association and the Board of Directors and as provided or implied elsewhere in the Declaration and these ByLaws.

## ARTICLE XI

### BOOKS AND RECORDS

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

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

(a) Notice to be given to the Custodian of Records by the member desiring to make the inspection;

(b) Hours and days of the week when such an inspection may be made;

(c) Payment of the cost of reproducing copies of documents requested by a member.

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

ARTICLE XII

AMENDMENTS

1. Prior to the close of escrow on the sale of the first lot, Declarant may amend these ByLaws, with the consent of the Department of Real Estate. After sale of the first lot, these ByLaws may be amended only by the affirmative vote (in person or by proxy) or written consent of members representing a majority of a quorum of the Association which shall include a majority of the votes or written consent of members other than Declarant, or where the two class voting structure is still in effect, shall include a majority of each class of members. However, the percentage of voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage or affirmative votes required for action to be taken under that clause.

2. Amendments to Articles of Incorporation. The Articles of Incorporation of this Association may be amended only by the affirmative vote of a majority of the Board of Directors, and by the affirmative vote (in person or by proxy) of Members representing a majority of the voting power of the Association and a majority of votes of Members other than Declarant, or where the two class voting structure is still in effect (as provided in the Bylaws), a majority of each class of membership. However, the percentage of voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

3. Conflict. In the case of any conflict between the Articles of Incorporation and these ByLaws, the Articles shall control; and in the case of any conflict between the Declaration and these ByLaws, the Declaration shall control.

ARTICLE XIII

MISCELLANEOUS

1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the thirty-first day

///

///

///

///

of December of each year, except that the fiscal year shall begin on the date of incorporation of the Association.

IN WITNESS WHEREOF, we have hereunto subscribed our names this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

I, the undersigned, the duly elected and acting secretary of PROMENADE VILLAS RECREATION & MANAGEMENT ASSOCIATION do hereby certify:

That the within and foregoing ByLaws were adopted as the ByLaws of said corporation on the \_\_\_\_\_ day of \_\_\_\_\_, 1990, and that the same do now constitute the ByLaws of said corporation.

IN WITNESS WHEREOF, I have hereunto subscribed my name this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

\_\_\_\_\_  
Secretary

- The small alarm company sign mounted to an approximately three foot long metal pole that is provided by an alarm company may be placed in the dirt of the flower bed nearest to the front door of a townhome. The sign must be in the flower bed dirt at the closest point to the front door. The sign must be the professional sign provided by the alarm company, not a homemade sign. The above applies to any unit with a front door leading to the common area. A unit with a front door leading to a patio must place the alarm company sign within the walls of the patio.
- The alarm company signs mentioned above may be removed from their poles and placed inside a townhome's window. The alarm company sign shall not be attached to the window in any way.
- Alarm company stickers may be applied to the windows of a unit provided the alarm company stickers are the stickers provided by the alarm company and the stickers are in good taste, as determined by the Architectural Committee. The stickers shall identify the alarm company, advise that an alarm is present and give a phone number. No more than one sticker shall be applied to each window. The homeowner shall be responsible for the maintenance of the stickers. Stickers that are damaged, peeling or unsightly shall be removed and/or replaced immediately.
- No other signs shall be displayed except as approved by the Architectural Committee.

---

### *Our swimming pool and hot tub*

These facilities are for all of us to enjoy. Thank you for helping to keep them clean, safe and quiet!

1. Pool area hours are 6:00 a.m. to 12:00 a.m. The pool area must be quiet after 10:00 p.m., seven days per week.
2. Absolutely *no* glassware or bottles are permitted due to the extreme safety hazard. Only unbreakable containers are allowed.
3. Voices, radios, etc. must be kept to a courteous level.
4. No running, horseplay, or disturbing or dangerous behavior is allowed.
5. No diving is allowed in the water.
6. No surf boards or body boards are allowed in the pool or hot tub.
7. Guests must be accompanied by a resident. The resident is responsible for guests' behavior *at all times*.
8. Personal articles must be removed when leaving the pool and hot tub area. The Promenade Villas will not be responsible for lost or damaged items.
9. Children under 18 must be supervised by an adult at all times.
10. Children with diapers are not allowed in the water.
11. No animals are allowed in the water.

12. No cut-off pants are allowed in the pool or the hot tub. All clothing must have sewn seams.
  13. Any adult member may request compliance of anyone in violation of these rules. Non-compliance may be grounds for suspension of pool or hot tub privileges and/or other disciplinary measures.
  14. Please clean the barbecue grill after each use.
  15. Remove all trash to the large dumpsters when leaving the area.
  16. The pool gates must remain locked at all times. Do not prop open the gates, or use tape or any other means to defeat the locking mechanism.
  17. Bicycles, roller skates, skateboards and other similar devices are not allowed in the pool area, or in the pool or hot tub.
  18. Climbing over the fences and gates is not allowed.
- WARNING:** *No lifeguard is on duty.* Prolonged hot tub use may be hazardous for people with heart problems or high blood pressure, pregnant women, or after consuming alcohol. Use of these facilities is at your own risk.

## *Our clubhouse*

Our clubhouse is here for all of us to enjoy. Thank you for helping to keep the area clean, pleasant and in good repair.

Use of the clubhouse is by reservation only, on a first come, first served basis. Each townhome will be given one reservation per month. Additional dates may be reserved, however, a townhome's second and subsequent reserved dates may be canceled if another townhome requests the same date and time. To reserve the clubhouse, please follow the below instructions:

1. Complete the Clubhouse Reservation form.
2. Complete a check for the refundable security deposit. "The Promenade Villas" should be the payee for the check.
3. Mail the form and the deposit to the address listed on the Clubhouse Reservation form as far in advance as possible, but in no case later than seven days in advance to ensure ample time to complete the process. Remember, clubhouse reservations are on a first come, first served basis, so the earlier reservations are made, the more likely the requested date will be available. If the date and time requested is not available, the requesting resident will be notified so that an alternate date may be selected.
4. The resident requesting the reservation will be contacted for a date and time to complete the pre-inspection of the clubhouse. During the pre-inspection, any damage or problems present will be noted on the Clubhouse Inspection form.
5. The resident will receive the clubhouse key either the day before or the day of the reserved date.