

AMENDED AND RESTATED
BYLAWS
OF
HAMILTON COVE HOMEOWNERS ASSOCIATION
[adopted September 30, 2004, and amended July 31, 2007]

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AMENDED AND RESTATED BYLAWS
OF
HAMILTON COVE HOMEOWNERS ASSOCIATION

ARTICLE I
PLAN OF CONDOMINIUM OWNERSHIP

Section 1.01 Name. The name of the corporation is HAMILTON COVE HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association." The principal office of the Association shall be located in Los Angeles County, California.

Section 1.02 Application. The provisions of these Bylaws are applicable to the residential project known as Hamilton Cove, located in the County of Los Angeles, California. All present and future Members and their tenants, future tenants, employees, and any other person who might use the facilities, or the Project in any manner, are subject to the regulations set forth in the Bylaws and in the Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Hamilton Cove (the "Declaration" herein) as amended from time to time recorded or to be recorded in the Official Records of Los Angeles County and applicable to the Project. The mere acquisition or rental of any Condominium Unit ("Unit(s)"), lot or residence in the Project or the mere act of occupancy of any Condominium or residence will signify that these Bylaws are accepted, ratified, and will be complied with.

Section 1.03 Meaning of Terms. Unless otherwise specifically provided herein, the capitalized terms in these Bylaws shall have the same meanings as are given to such terms in the Declaration.

ARTICLE II

VOTING BY ASSOCIATION MEMBERSHIP

Section 2.01 Voting Rights. The Association shall have three classes of voting Membership, as further provided in the Declaration. Class I shall be the Owners of the 185 Units developed in Phases I through 4. Class II shall be the Owners of Units developed in Phases 5B through 5F. Class III shall be the Owners of the Single Family Residence Lots developed in Phase 5G. The Owner of a Unit or Single Family Residence Lot in Phases 5B through 5G shall obtain the right to vote when the land where the Unit or Single Family Residence Lot is located is annexed by the Association.

Members shall be entitled to one (1) vote for each Unit or Single Family Residence Lot owned in any election of Directors and with regard to any matter affecting all three Classes. Members shall be entitled to one (1) vote and shall vote as a Class with regard to any matter affecting just that Class.

Section 2.02 Majority or Quorum. Unless otherwise expressly provided in these Bylaws or the Declaration, any action, which may be taken by the Association, may be taken by a majority of a quorum of Members of the Association.

Section 2.03 Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of at least a majority of the voting power of the Membership of the Association shall constitute a quorum of the Membership. A vote cast by written ballot may be

counted towards a quorum if permitted by law. 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.

Section 2.04 Proxies. Votes may be cast in person or by proxy and all proxies must be in writing. Every proxy shall be revocable and shall automatically cease after completion of the meeting for which the proxy was filed.

ARTICLE III

ADMINISTRATION

Section 3.01 Association Responsibilities. In accordance with the provisions of the Declaration, the Association shall have the responsibility of administering the Property, approving the Budget, establishing and collecting all assessments applicable to the Property, annexing additional land developed with Units or Single Family Residence Lots and arranging for overall architectural control of the Property.

Section 3.02 Place of Meetings of Members. Meetings of the Members shall be held on the Property, or such other suitable place as proximate thereto as practicable, in Los Angeles County, convenient to the Members, as may be designated by the Board of Directors.

Section 3.03 Annual Meetings of Members. The annual meetings of the Members shall be held on the first or second Saturday or Sunday in December each year at the discretion of the Board of Directors. At each annual meeting there shall be elected by ballot of the Members a Board of Directors of the Association, in accordance with the requirements of Article IV, Section 4.05 of these Bylaws. The Members may also transact such other business of the Association as may properly come before them. Each first Mortgagee of a Unit or Single Family Residence Lot

in the Project may designate a representative to attend all annual meetings of the Members.

Attendance at the Annual Meeting is limited to Members and first Mortgagee designees.

Section 3.04 Special Meetings of Members. It shall be the duty of the Board to call a special meeting of the Members, as directed by resolution of a majority of a quorum of the Board of Directors, or upon receipt by the Secretary of a petition signed by Members representing at least five percent (5%) of the total voting power of the Association. The notice of any special meeting shall be given within twenty (20) days after adoption of such resolution or receipt of such petition and shall state the time and place of such meeting and the purpose thereof. The special meeting shall be held not less than thirty-five (35) days or more than ninety (90) days after adoption of such resolution or receipt of such petition. No business shall be transacted at a special meeting except as stated in the notice. Each first Mortgagee of a Unit or Single Family Residence Lot in the Project may designate a representative to attend all special meetings of the Members.

Section 3.05 Notice of Meetings to Members. It shall be the duty of the Secretary to send a notice of each annual or special meeting by first-class mail, at least ten (10) but not more than thirty (30) days prior to such meeting, stating the purpose thereof as well as the day, hour and place where it is to be held, to each Member of record, and to each first Mortgagee of a Unit or Single Family Residence Lot, which Mortgagee has filed a written request for notice with the Secretary. The notice may set forth time limits for speakers and nominating procedures for the meeting. 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 the Members. The mailing of a

notice, postage prepaid, in the manner provided in this Section, shall be considered notice served, forty-eight (48) hours after said notice has been deposited in a regular depository of the United States mail. Such notice shall be posted in a conspicuous place on the Common Property, and such notice shall be deemed served upon a Member upon posting if no address for such Member has been then furnished the Secretary.

The Board of Directors may fix a date in the future as a record date for the determination of the Members entitled to notice of any meeting of Members. The record date so fixed shall be not less than ten (10) days or more than sixty (60) days prior to the date of the meeting. Only Members who on the record date for notice of the meeting are entitled to vote thereat, shall be entitled to notice of the meeting, notwithstanding any transfer of a Unit or Single Family Residence Lot after the record date.

Section 3.06 Adjourned Meetings. If any meeting of Members cannot be organized because a quorum is not present, a majority of the Members who are present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be the presence in person or by proxy of the Members holding at least twenty-five percent (25%) of the voting power of the Association. Such an adjourned meeting may be held without notice thereof as provided in this Article III, provided that notice is given by announcement at the meeting at which such adjournment is taken. If, however, such an adjourned meeting is actually attended, in person or by proxy, by Members having less than one-third (1/3rd) of the voting power of the Association, notwithstanding the presence of a quorum, no

matter may be voted upon except such matters notice of the general nature of which was given pursuant to Section 3.05 hereof.

Section 3.07 Order of Business. The order of business at all meetings of the Members shall generally be as follows, as is reasonable under the circumstances: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of Minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) election of inspector of elections if not previously appointed by the Board of Directors; (g) election of Directors (at annual meetings or special meetings held for such purpose); (h) unfinished business; and (i) new business.

Section 3.08 Action Without Meeting. Any action which may be taken at a meeting of the Members (except for the election of Directors) may be taken without a meeting by written ballot of the Members. Ballots shall be solicited in the same manner as provided in Section 3.05 for the giving of notice of meetings of Members. Such solicitations shall specify (a) the number of responses necessary to meet the quorum requirements, (b) the percentage of approvals necessary to approve the action, and (c) the time by which ballots must be received in order to be counted. The form of written ballot shall afford an opportunity to specify a choice between approval and disapproval of each matter and shall provide that, where the Member specifies a choice, the vote shall be cast in accordance therewith. Receipt within the time period specified in the solicitation of a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting and a number of approvals which equals or exceeds the number of votes which would be required for approval if the action were taken at a meeting

at which the total number of votes cast was the same as the total number of ballots cast shall constitute approval by written ballot.

Section 3.09 Consent of Absentees. The transactions of any meeting of Members, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the Members not present in person or by proxy, 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.

Section 3.10 Minutes, Presumption of Notice. Minutes or a similar record of the proceedings or meetings of Members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the Minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE IV

BOARD OF DIRECTORS

Section 4.01 Number and Qualification. The affairs of the Association shall be governed and managed by a Board of Directors composed of five (5) Members. When the Units and Single Family Residence Lots in Phases 5B through 5G have been annexed the Board shall be increased to seven (7) Members effective as of the next annual meeting. The authorized number of Directors may be changed by a duly adopted amendment to the Bylaws. Directors and officers shall not receive any salary or compensation for their services as Directors and officers

unless such compensation is approved by the vote or written consent of Members representing at least a majority of the Association's entire voting power; provided, however, that (1) nothing herein contained shall be construed to preclude any Director from serving the Association in some other capacity and receiving compensation therefore, and (2) any Director or officer may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 4.02 Powers and Duties. The Board of Directors has the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done by the Members. The Board of Directors shall not enter into any contract for a term in excess of one (1) year, without the vote or written consent of the Members representing at least a majority of the voting power of the Association, except for (1) any contract of a minimum term with a public utility company regulated by the Public Utilities Commission which requires a term in excess of one (1) year, (2) a management contract the terms of which have been approved by the Veterans Administration or the Federal Housing Administration, (3) prepaid casualty or liability insurance policies of not to exceed three (3) years' duration, provided that the policies permit short term cancellation by the Association, (4) lease agreements for laundry room fixtures and equipment of not to exceed five (5) years duration, (6) agreements with any governmental authority or agency which require a term of more than one (1) year and (7) agreements in connection with the development of Phases 5B through 5G as referenced in the Declaration.

Section 4.03 Special Powers and Duties. Without prejudice to such foregoing general powers and duties and such powers and duties as are set forth in the Declaration, the Board of Directors is vested with, and responsible for, the following powers and duties:

(a) The power and duty to select, appoint, and remove all officers, agents and employees of the Association, to prescribe such powers and duties for them as may be consistent with law, the Articles of Incorporation, the Declaration and these Bylaws; to fix their compensation and to require from them security for faithful service when deemed advisable by the Board.

(b) The power and duty to conduct, manage and control the affairs and business of the Association, and to make and enforce such rules and regulations therefore consistent with law, the Articles of Incorporation, the Declaration and these Bylaws, as the Board may deem necessary or advisable.

(c) The power but not the duty to change the principal office for the transaction of the business of the Association from one location to another within the County of Los Angeles, as provided in Article I hereof; to designate any place within said County for the holding of any annual or special meeting or meetings of Members consistent with the provisions of Article III, Section 3.02 hereof; and to adopt and use a corporate seal and alter the form of such seal from time to time, as the Board, in its sole judgment, may deem best, provided that such seal shall at all times comply with the provisions of law.

(d) With the approval of Members representing at least two-thirds (2/3rds) of the voting power of the Association, the power but not the duty to borrow money and to incur indebtedness for the purposes of the Association, and to cause to be executed and delivered therefore, in the Association's name, promissory notes, bonds, indentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefore.

(e) The power and duty to fix and levy from time to time Annual Assessments, Special Assessments, and Reconstruction Assessments upon Members, as provided in the Declaration; to fix and levy from time to time in any Fiscal Year Capital Improvement Assessments applicable to that year only for capital improvements; to determine and fix the due date for the payment of such assessments, and the date upon which the same shall become delinquent; provided, however, that such assessments shall be fixed and levied only to provide for the payment of the Common Expenses of the Association and of taxes and assessments upon real or personal property owned, leased, controlled or occupied by the Association, or for the payment of expenses for labor rendered or materials or supplies used and consumed, or equipment and appliances furnished for the maintenance, improvement or development of such property or for the payment of any and all obligations in relation thereto, for the repayment of any loan approved by two thirds (2/3rds) of the Members or in performing or causing to be performed any of the purposes of the Association for the general benefit and welfare of its Members, in accordance with the provisions of the Declaration. The Board of Directors is hereby authorized to incur any and all such expenditures for any of the foregoing purposes and to provide, or cause to be provided, adequate reserves for replacements as it shall deem to be necessary or advisable in the interest of the Association or welfare of its Members. The funds collected by the Board of Directors from the Members, attributable to replacement reserves, for maintenance costs which cannot normally be expected to occur on an annual basis and for capital improvements, shall at all times be held in trust for the Members. Disbursements from such trust reserve fund shall be made only in accordance with the provisions of the Declaration. Such Annual Assessments, Reconstruction Assessments, Special Assessments and Capital

Improvement Assessments shall be fixed in accordance with the provisions of the Declaration. Should any Member fail to pay such assessments, before delinquency, the Board of Directors in its discretion is authorized to enforce the payment of such delinquent assessments as provided in the Declaration.

(f) The power and duty to enforce the provisions of the Declaration, these Bylaws or other agreements of the Association.

(g) The power and duty to contract for and pay for, as reasonably necessary, fire, casualty, blanket liability, malicious mischief, vandalism, errors and omissions, liquor liability and other insurance, insuring the Members, the Association, the Board of Directors and other interested parties, in accordance with the provisions of the Declaration, covering and protecting against such damages or injuries as the Board deems advisable (which may include without limitation, medical expenses of persons injured on the Common Property).

(h) The power and duty to contract for and pay for maintenance, legal, accounting, gardening, and common utilities services, and for materials and supplies and other Common Expenses relating to the Common Property, and relating to the Units only to the extent not separately metered or charged, and to employ personnel necessary for the operation of the Project, including legal and accounting services, and to contract for and pay for Improvements on the Common Property.

(i) The power but not the duty to delegate its powers according to law, and subject to the approval of the Members, to adopt these Bylaws.

(j) The power but not the duty to grant easements where necessary for utility and other purposes over the Common Property for the benefit of the Members of the Association.

(k) The power and duty to adopt such Rules and Regulations as the Board may deem necessary for the management of the Project, which Rules and Regulations shall become effective and binding after (1) they are adopted by a majority of the Board at a meeting called for that purpose, or by the written consent of the Board in accordance with Section 4.13, and (2) they are posted in a conspicuous place in the Common Property. Such Rules and Regulations may concern, without limitation, use of the Common Properties; signs; collection and disposal of refuse; minimum standards of property maintenance consistent with the Declaration and the procedures of the Architectural Committee; and any other matter within the jurisdiction of the Association as provided in the Declaration provided, however, that such Rules and Regulations shall be enforceable only to the extent that they are consistent with the Declaration, the Articles of Incorporation and these Bylaws, and the Rules and Regulations may not be used to amend any of said documents.

(1) The power and duty to keep, or cause to be kept, a complete record of all acts and corporate affairs of the Association and to present a statement thereof to the Members at the annual meeting of the Members and at any other time that such statement is requested by at least ten percent (10%) of the Members who are entitled to vote.

(m) The power but not the duty to appoint a Membership Committee composed of at least one (1) Director and at least one (1) Association Member at large. The Membership Committee shall be responsible for contacting all purchasers of Condominiums in the Project as soon as any transfer of title of a Condominium is discovered. The Membership Committee shall further attempt to establish initial contact with all Members who are delinquent in the payment of any assessments or other charges due the Association.

(n) The power but not the duty to sell property of the Association, provided however, that the prior vote or written approval of the Members representing at least a majority of the voting power of the Association must be obtained to sell during any Fiscal Year any 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.

(o) Upon the annexation of Phase 5B, the power and duty to divide the existing Reserve Fund into two accounts. The first account will be for that portion of the fund earmarked for expenses benefitting all Members. These will be funds earmarked for the common areas and facilities of the Project. The second account will be for that portion of the fund earmarked for expenditures benefitting only Class I Members. These will be funds earmarked for items such as repair of the Class I Common Area. The Board will also establish two additional accounts within the Reserve Fund: an account for funds earmarked only to benefit Class II Members and an account for funds earmarked only to benefit Class III Members. Thereafter, in determining the annual assessment, the Board will budget an amount to be contributed to each of the four accounts. An amount to benefit all Members will be assessed to all Units and Single Family Residence Lots. An amount to benefit only the Members of a Class will be assessed to the Members of that Class. When expenditures are made from the Reserve Fund, the Board shall charge the expenditure to the appropriate account. The Association's independent public accountant will review the handling of reserve funds as part of the annual review.

(p) Upon the annexation of Phase 5B and thereafter as additional Phases are annexed, the power and duty to divide the Annual Assessment as follows:

A. Class I Units:

- Pro rata share of the annual budget expenses benefiting all Members;
- Pro rata share of annual budget expenses benefiting only Class I Members;
- Pro rata share of the reserve fund contribution for future expenditures benefiting all Members;
- Pro rata share of the reserve fund contribution for future expenditures benefiting only Class I Members; and
- Master Land Loan Monthly Assessment (not applicable to Class I Members who elect the Front-end Payment Option or any of the Eleven Class I Members who elect to continue with his/her Sublease in accordance with the applicable provisions of the Declaration.)

B. Class II Members:

- Pro rata share of the annual budget expenses benefiting all Members;
- Pro rata share of annual budget expenses benefiting only Class II Members;
- Pro rata share of the reserve fund contribution for future expenditures benefiting all Members; and

- Pro rata share of the reserve fund contribution for future expenditures benefiting only the Class II Members.
- Phase V Land Loan Monthly Assessment

C. Class III Members:

- Pro rata share of the annual budget expenses benefitting all Members;
- Pro rata share of annual budget expenses benefitting only Class III Members;
- Pro rata share of the reserve fund contribution for future expenditures benefitting all Members;
- Pro rata share of the reserve fund contribution for future expenditures benefitting only the Class III Members; and
- The cost of maintaining any common areas and facilities limited to use by only Class III Members and their guests.

As part of his annual review, the Association's outside public accountant shall determine whether expenditures have been properly assessed in accordance with the above. To the extent the outside accountant determines that expenditures have not been properly assessed, the Board shall make adjustments in future Annual Assessments.

(q) The Board shall appoint a person as the Association's representative to the Hamilton Cove Design Committee as referenced in the Declaration to serve at the pleasure of the Board. The person appointed may but need not be a Director or a Member.

(r) Before adopting any rule or regulation applicable only to less than all Homeowners or approving any assessment applicable just to Class M Homeowners, the Board shall provide an opportunity for the Homeowners effected by the proposed rule or regulation to comment on the proposal.

Section 4.04 Management Agent. The Board of Directors may engage a professional Manager for the Association at a compensation established by the Board to perform such duties and services as the Board shall authorize. Such agreement must not be for a term of greater than one (1) year and must provide for termination by either party for cause upon no more than thirty (30) days' written notice, and without cause nor payment of a termination fee, upon no more than ninety (90) days' prior written notice.

Section 4.05 Election and Term of Office. Directors shall be elected by secret written ballot of the Members at regularly scheduled annual meetings. In the event that an annual meeting is not held, or the Board is not elected thereat, the Board may be elected at any special meeting of the Members held for that purpose. Each Director shall hold office until his successor has been elected or until his death, resignation, removal or judicial adjudication of mental incompetence. Directors shall serve staggered terms of two years. Unless vacated sooner, each Director shall hold office until his successor is elected. The term of office of each Director elected or appointed to fill a vacancy created by the resignation, death or removal of his predecessor shall be the balance of the unserved term of his predecessor. Any person serving as a Director may be re-elected, and there shall be no limitation on the number of terms during which he may serve. Cumulative voting shall be used in the election of Directors for any election in which more than two (2) Directors are to be selected, subject only to the procedural prerequisites

to cumulative voting in the following sentence. A member may cumulate his votes for any candidate for the Board if the candidate's name has been placed in nomination prior to the voting and if such Member, or any other member has given notice at the meeting prior to the voting of such Member's intention to cumulate votes. If a Member cumulates his votes, such Member may cast a number of votes equal to the Member's share of the voting power as set forth in the Declaration, multiplied by the number of Directors to be elected.

Section 4.06 Books, Audit. The following financial information shall be prepared and distributed by the Board to all Members (and any Beneficiary, insurer and guarantor of a first Mortgage upon request), regardless of the number of Members or the amount of assets of the Association:

(a) A pro forma operating budget for each Fiscal Year consisting of at least the following information shall be distributed within 45 days prior to the beginning of the Fiscal Year:

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

additions to, major components of the Common Property and facilities for which the Association is responsible.

(b) An operating statement for the period from January 1st to the end of the second and third quarter compared to the budget shall be distributed within thirty (30) days after the accounting date.

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

- (1) A balance sheet as of the end of the Fiscal Year;
- (2) An operating (income) statement for the Fiscal Year;
- (3) A statement of changes in financial position for the Fiscal Year.
- (4) Any information required to be reported under Section 8322 of the

California Corporations Code,

(5) A copy of a review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy. If the report referred to above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association stating that the statement was prepared from the books and records of the Association without independent audit or review.

In addition to financial statements, the Board shall annually distribute within sixty (60) days prior to the beginning of the Fiscal Year a statement of the Association's policies and practices in enforcing its remedies against Members for defaults in the payment of Annual,

Capital Improvement, Reconstruction and Special Assessments, including the recording and foreclosing of liens against Members' Condominiums.

All books, records and papers of the Association shall be made available for inspection and copying by any Member, prospective purchaser of a Condominium in the Project, and any Beneficiary, insurer, and guarantor of a first Mortgage, or their duly appointed representative at the principal office of the Association or at such other place within the Project as the Board may prescribe. The Board shall establish reasonable rules with respect to (1) notice to be given to the custodian of the records by the Member desiring to make the inspection, (2) hours and days of the week when such an inspection may be made and (3) payment of the cost of reproducing copies of documents requested by a Member. Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association, and the physical properties owned or controlled by the Association. A Director's right of inspection shall include the right to make extracts and copies of documents.

Section 4.07 Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Members of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Any vacancy caused by the removal of a Director may be filled by the vote of the majority of the remaining Directors but only with the approval, by vote or written consent, of a majority of the voting power of the Association residing in Members. A vacancy or vacancies shall be deemed to exist in case of death, resignation, removal or judicial adjudication of mental incompetence of any Director, or in case the Members fail to elect the full number of authorized Directors at any meeting at which such election is to take place. Any vacancy not filled by the

Directors may be filled by vote of the Members at the next annual meeting of the Members or at a special meeting of the Members called for such purpose.

Section 4.08 Removal of Directors. At any regular or special meeting of the Members duly called, any one individual Director or the entire Board may be removed prior to the expiration of their terms of office with or without cause by the vote of Members representing a majority of the total voting power of the Association. Notwithstanding the foregoing, if the entire Board of Directors is not removed as a group pursuant to a single vote, no individual Director shall be removed if the number of votes cast against his removal would be sufficient to elect such 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 Director's most recent election were then being elected. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting. If any or all of the Directors are so removed at a meeting, new Directors may be elected at the same meeting.

Section 4.09 Organization Meeting of Board. The first regular ("organization") meeting of a newly elected Board of Directors shall be held within ten (10) days of election of the Board, at such place as shall be fixed and announced by the Directors at the meeting at which such Directors were elected, for the purpose of organization, election of officers and the transaction of other business. No notice shall be necessary to the newly elected Directors in order legally to constitute such meeting; provided that (1) a majority of the whole Board shall be present when the time and place are announced at the membership meeting and (2) the meeting is held on the same day and at the same place as the meeting of the Members at which the newly constituted Board was elected.

Section 4.10 Regular Meetings of Board. Regular meetings of the Board of Directors shall be open to all Members, provided that Members who are not Directors may not participate in any deliberation or discussion at such regular meetings unless expressly so authorized by a vote of a majority of a quorum of the Board of Directors. Regular meetings may be held at such time and place as shall be determined, from time to time, by a resolution adopted by a majority of a quorum of the Directors; provided, however, that such meetings shall be held no less frequently than quarterly. Notice of the time and place of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, and posted at a prominent place or places within the Common Property at least four (4) days prior to the date named for such meeting.

Section 4.11 Special Meetings of Board. Special meetings of the Board of Directors shall be open to all Members, provided that Members who are not Directors may not participate in any deliberation or discussion at such special meetings, unless expressly so authorized by a vote of a majority of a quorum of the Board of Directors. Special meetings may be called by the President or by any two (2) Directors. At least four (4) days' notice shall be given to each Director, personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and the purpose of the meeting, and shall be posted at a prominent place or places within the Common Property in the same manner as prescribed for regular meetings. If served by mail, each such notice shall be sent, postage prepaid, to the address of each Director reflected on the records of the Association, and shall be deemed given, if not actually received earlier, at 5:00 o'clock p.m. on the second day after it is deposited in a regular depository of the United States mail as provided herein. Whenever any Director has been absent

from any special meeting of the Board, an entry in the Minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such meeting was given to such Director, as required by law and as provided herein.

Section 4.12 Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive personal notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice to such Director. Attendance by a Director at any meeting of the Board shall be a waiver by him of personal notice of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice to Directors shall be required and any business may be transacted at such meeting. The transactions 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 (1) a quorum be present, (2) notice to the Members of such meeting was posted as provided in Sections 4.10 and 4.11 of this Article IV, and (3) either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding such meeting, or approval of the Minutes thereof. All such waivers, consents and approvals shall be filed with the records of the Association or made a part of the Minutes of the meeting.

Section 4.13 Action Without Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting, if all Directors 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. An explanation of any action taken by unanimous written consent without a meeting shall be posted by the Board in a prominent place or places in the

Common Property within three (3) days after the written consents of all Directors have been obtained.

Section 4.14 Quorum and Adjournment. Except as otherwise expressly provided herein, at all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business, which might have been transacted at the meeting as originally called, may be transacted without further notice.

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

Section 4.15 Committees. The Board of Directors, by resolution, may from time to time designate such committees as it shall desire, and may establish the purposes and powers of each such committee created. The resolution designating and establishing the committee shall provide for the appointment of its members, as well as a chairman, shall state the purposes of the committee, and shall provide for reports, termination, and other administrative matters as deemed appropriate by the Board.

ARTICLE V

OFFICERS

Section 5.01 Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an Assistant Treasurer, and an Assistant Secretary, and such other officers as in their judgment may be necessary. Officers other than the President need not be Directors. One Person may hold more than one office.

Section 5.02 Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board of Directors, and each officer shall hold his office at the pleasure of the Board of Directors, until he shall resign or be removed or otherwise disqualified to serve or his successor shall be elected and qualified to serve.

Section 5.03 Removal of Officers. Upon an affirmative vote of a majority of the entire Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose. Any officer may resign at any time by giving written notice to the Board or to the President or Secretary of the Association. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified therein; and unless otherwise specified in said notice, acceptance of such resignation by the Board shall not be necessary to make it effective.

Section 5.04 Compensation. Officers, agents, and employees shall receive such reasonable compensation for their services as may be authorized or ratified by the Board;

provided, however, that no officer shall receive any compensation for services performed in the conduct of the Association's business unless such compensation is approved by the vote or written consent of Members representing at least a majority of the voting power of the Association; and provided further, that (1) nothing herein contained shall be construed to preclude any officer from serving the Association in some other capacity and receiving compensation therefor; and (2) any officer may be reimbursed for his actual expenses incurred in the performance of his duties. Appointment of any officer, agent, or employee shall not of itself create contractual rights of compensation for services performed by such officer, agent, or employee.

Section 5.05 President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the President of an Association, including but not limited to the power, subject to the provisions of Article IV, Section 4.15, to appoint committees from among the Members from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association. The President shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business of the Association. The President shall be ex officio a member of all standing committees, and he shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws of the Association.

Section 5.06 Vice Presidents. A Vice President shall take the place of the President and perform his duties whenever the President shall be absent or disabled or whenever the President refuses or is unable to act as determined by the Board. . If neither the President nor a Vice

President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. A Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors or these Bylaws of the Association.

Section 5.07 Secretary. The Secretary shall keep the Minutes of all meetings of the Board of Directors and the Minutes of all meetings of the Association at the principal office of the Association or at such other place as the Board of Directors may order. The Secretary shall keep the seal of the Association in safe custody and shall have charge of such books and papers as the Board of Directors may direct; and the Secretary shall, in general, perform all of the duties incident to the office of Secretary. The Secretary shall give, or cause to be given, notices of meetings of the Members of the Association and of the Board of Directors required by these Bylaws or by law to be given. The Secretary shall maintain a record book of Members, listing the names and addresses of Members, as furnished to the Association, and such books shall be changed only at such time as satisfactory evidence of a change in ownership of a Unit or Single Family Residence Lot is presented to the Secretary. The Secretary shall perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

Section 5.08 Treasurer. The Treasurer shall be the chief financial officer of the Association and shall have responsibility for Association funds and securities and shall be responsible for keeping, or causing to be kept, full and accurate accounts, tax records and business transactions of the Association, including accounts of all assets, liabilities, receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for the deposit of all monies and other valuable assets in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board of Directors. The

Treasurer shall disburse the funds of the Association as may be ordered by the Board of Directors, in accordance with the Declaration, shall render to the President and Directors, upon request, an account of all of his transactions as Treasurer and of the financial conditions of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

ARTICLE VI

OBLIGATIONS OF THE MEMBERS

Section 6.01 Assessments.

(a) All Members are obligated to pay, in accordance with the provisions of the Declaration, all assessments imposed by the Association, to meet all expenses of the Association.

(b) All delinquent assessments shall be enforced, collected or foreclosed in the manner provided in the Declaration.

Section 6.02 Maintenance and Repair.

(a) Every Member must perform promptly, at his sole cost and expense, such maintenance and repair work within his own Residence, as required under the provisions of the Declaration. As further provided in the Declaration, all plans for alterations and repair of structural or utility bearing portions of the buildings housing the Units must receive the prior written consent of the Architectural Committee. The Architectural Committee shall establish reasonable procedures for the granting of such approval, in accordance with the Declaration.

(b) As further provided in the Declaration, each Member shall reimburse the Association for any expenditures incurred in repairing or replacing any portion of the Common Property, which is damaged through the fault of such Member or his family, guests, tenants or

invitees. Such expenditures shall include all court costs and reasonable attorneys' fees incurred in enforcing any provision of these Bylaws or the Declaration.

ARTICLE VII

AMENDMENTS TO BYLAWS

These Bylaws may be amended by the Association by the vote or written consent of Members, representing at least a majority of the voting power of the Association; provided that the specified percentage of each class of the Members necessary to amend a specific Section or provision of these Bylaws shall not be less than the percentage of affirmative votes prescribed for action to be taken under that Section or provision. The prior written approval of Beneficiaries of seventy-five percent (75%) of all first Mortgages on Condominiums in the Project must be secured before any amendment to the provisions of these Bylaws affecting matters delineated in Article XII and Section 13.02 of the Declaration may take effect, and this sentence may not be amended without such prior written approval. Notwithstanding the foregoing, if a first Mortgagee who receives a written request from the Board to approve a proposed amendment or amendments to the Bylaws does not deliver a negative response to the Board within thirty (30) days of the mailing of such request by the Board, such first Mortgagee shall be deemed to have approved the proposed amendment or amendments.

ARTICLE VIII

MORTGAGEES

Section 8.01 Notice to Association. Every Member who mortgages his Condominium shall notify the Association through the Manager, or through the Secretary in the event there is

no Manager, of the name and address of his Mortgagee; and the Association shall maintain such information in a book entitled "Mortgagees of Condominiums." Upon request any such Member shall likewise notify the Association as to the release or discharge of any such Mortgage.

Section 8.02 Notice of Unpaid Assessments. The Board of Directors of the Association shall at the request of a mortgagee of a Condominium, report any unpaid assessments due from the Unit Owner of such Condominium, in accordance with the provisions of the Declaration.

ARTICLE IX

CONFLICTING PROVISIONS

In case any of these Bylaws conflict with any provisions of the laws of the State of California, such conflicting Bylaws shall be null and void upon final court determination to such effect, but all other Bylaws shall remain in full force and effect. In case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation will control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE X

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 10.01 Indemnification by Association of Directors and Officers. To the fullest extent permitted by law, the Association shall indemnify its directors and officers against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any "proceeding" as that term is used in Section 7237 of the

Corporations Code and including an action by or in the right of the Association, by reason of the fact that such person is or was a director or officer. The term "Expenses," as used in this section, shall have the same meaning as in Corporations Code section 7237(a).

Section 10.02 Approval of Indemnity by Association. On written request to the Board by any person seeking indemnification hereunder, the Board shall promptly determine in accordance with Corporations Code section 7237(e) whether the applicable standard of conduct set forth in section 7237(b) or section 7237(c) has been met and, if it has, the Board shall authorize indemnification. If the Board cannot authorize indemnification because the number of directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of directors who are not parties to the proceeding, the Board shall promptly call a meeting of Members. At that meeting, the Members shall determine under Corporations Code section 7237(e) whether the applicable standard of conduct set forth in section 7237(b) or section 7237(c) has been met and, if it has, the Members present at the meeting in person or by proxy shall authorize indemnification.

Section 10.03 Advancement of Expenses. To the fullest extent permitted by law and except as is otherwise determined by the Board in a specific instance, expenses incurred by a director or officer seeking indemnification under Sections 10.01 and 10.02 of this Article in defending any proceeding covered by those sections shall be advanced by the Association before final disposition of the proceeding, on receipt by the Association of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the Association for those expenses.

Section 10.04 Insurance. The Association shall have the power to purchase and maintain insurance on behalf of its directors and officers against other liability asserted against or incurred by any director or officer in such capacity or arising out of the director's or officer's status as such.

ARTICLE XI

MISCELLANEOUS

Section 11.01 Checks, Drafts and Documents. 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 of Directors.

Section 11.02 Execution of Documents. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent, or employee shall have any power or authority to bind the Association on any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

Section 11.03 Inspection of Bylaws. The Association shall keep in its office for the transaction of business the original or a copy of these Bylaws as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the Members and all Beneficiaries, insurers and guarantors of first Mortgages in accordance with Article IV, Section 4.06 hereof.

Section 11.04 Fiscal Year. The Fiscal Year of the Association shall be determined by the Board of Directors, and having been so determined, is subject to change from time to time as the Board of Directors shall determine.

Section 11.05 Membership Book. The Association shall keep and maintain in its office for the transaction of business a book containing the name and address of each Member. Termination or transfer of membership shall be recorded in the book, together with the date on which membership ceased or was transferred, in accordance with the provisions of the Declaration.

ARTICLE XII

NOTICE AND HEARING PROCEDURE

Section 12.01 Suspension of Privileges. In the event of an alleged violation of the Declaration, these Bylaws or the Rules and Regulations of the Association, and after written notice of such alleged failure is delivered personally or mailed to the Member or any agent of the Member ("respondent") alleged to be in default in the manner herein provided, by first-class mailor by certified mail return receipt requested, or both, the Board of Directors shall have the right, after affording the respondent an opportunity for an appropriate hearing as herein after provided, and upon an affirmative vote of a majority of all Directors on the Board, to take any one or more of the following actions: (1) levy a Special Assessment as provided in the Declaration; (2) suspend or condition the right of said Member to use any recreational facilities owned, operated or maintained by the Association; (3) suspend said Member's voting privileges as a Member, as further provided in the Declaration; (4) enter upon a Residence to make necessary repairs, or to perform maintenance which, according to the Declaration, is the

responsibility of the Owner of such Residence; or (5) record a notice of noncompliance encumbering the Condominium of the respondent. Any such suspension shall be for a period of not more than thirty (30) days for any non-continuing infraction, but in the case of a continuing infraction (including nonpayment of any assessment after the same becomes delinquent) may be imposed for so long as the violation continues. The failure of the Board to enforce the Rules and Regulations of the Association, these Bylaws or the Declaration shall not constitute a waiver of the right to enforce the same thereafter. The remedies set forth above and otherwise provided by these Bylaws shall be cumulative and none shall be exclusive. However, any individual Member must exhaust all available internal remedies of the Association prescribed by these Bylaws, or by the Rules and Regulations of the Association, before that Member may resort to a court of law for relief with respect to any alleged violation of the Declaration, these Bylaws or the Rules and Regulations of the Association by another Member, provided that the foregoing limitation pertaining to exhausting administrative remedies shall not apply to the Board or to any Member where the complaint alleges nonpayment of Annual Assessments, Special Assessments, Capital Improvement Assessments or Reconstruction Assessments.

Section 12.02 Written Complaint. A hearing to determine whether a right or privilege of the respondent under the Declaration or these Bylaws should be suspended or conditioned, or whether a Special Assessment should be levied, shall be initiated by the filing of a written Complaint by any Member or by any officer or member of the Board of Directors with the President of the Association or other presiding member of the Board. The Complaint shall constitute a written statement of charges which shall set forth in ordinary and concise language the act or omissions with which the respondent is charged, and a reference to the specific

provisions of the Declaration, these Bylaws or the Rules and Regulations of the Association which the respondent is alleged to have violated. A copy of the Complaint shall be delivered to the respondent in accordance with the notice and hearing procedures set forth below and/or in the Declaration, and shall contain the information set forth in Section 12.03.

Section 12.03 Notice of Hearing. The Board shall notify the member in writing, by either personal delivery or first-class mail, at least ten (10) days prior to the hearing. The notification shall contain, at a minimum, the date, time, place of the hearing (meeting) the nature of the alleged violation for which the member may be disciplined and a statement that the member has a right to attend and may address the Board at the hearing. The Notice of Hearing may contain substantially the following language:

"You are hereby notified that a hearing will be held before the Board of Directors of the Hamilton Cove Homeowners Association at <> on the <> day of <> , at the hour of <>, upon the charges made in the Complaint served upon you, and/or set forth in this Notice. You are requested to be present at the hearing/may but need not be represented by counsel, may present any relevant evidence, and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to request the attendance of witnesses and the production of books, documents or other items by applying to the Board of Directors of the Association."

Section 12.04 Hearing and Statement of Decision. The hearing shall be held before the Board in executive session pursuant to this notice affording the Member a reasonable opportunity to be heard. Prior to the implementation of any disciplinary action hereunder, proof of notice, and

the invitation to be heard shall be placed in the minutes of the meeting such proof shall be deemed adequate if a copy the notice together with a statement of the date and manner of delivery is entered by the officer or Director who mailed or delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the disciplinary action, if any, imposed. If the Board imposes disciplinary action on a member, the Board shall provide the member with a written notification of such disciplinary action, by either personal delivery or first-class mail, within fifteen (15) days following the hearing. The disciplinary action shall not be effective against a member if this notice of intended action is not served.

CERTIFICATE

The President and Secretary of the Association hereby certify that the above Amended and Restated Bylaws were adopted on September 30, 2004, and amended on July 31, 2007, in accordance with Article VII of the Bylaws of the Association and in accordance with Section 13.02 of the Declaration in effect at the time of approval.

DATED: July 31, 2007

/s/ Norris J. Bishton, Jr.
President

/s/ Ron Foland
Secretary