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FOR BYLAWS OF
MARINA HILLS PLANNED COMMUNITY ASSOCIATION

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BYLAWS
OF
MARINA HILLS PLANNED COMMUNITY ASSOCIATION

ARTICLE I

NAME AND LOCATION

The name of the corporation is MARINA HILLS PLANNED COMMUNITY ASSOCIATION, hereinafter referred to as the "Master Association". The principal office of the Association shall be located in Orange County, California. Meetings of Members, delegates and directors shall be held within the Properties (defined in Declaration) or as close thereto as practicable.

ARTICLE II

DEFINITIONS

Section 2.1. The definitions contained in the Master Declaration are incorporated by reference herein.

Section 2.2. "Master Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Marina Hills Planned Community recorded on the 3rd day of September 1987, as Instrument No. 87-502874, Official Records, Orange County.

ARTICLE III

MEETINGS OF MEMBERS AND VOTING

Section 3.1. Delegates: Members shall elect Delegates to act on their behalf as set forth in Article IV, Section 4.4., of the Master Declaration. The number of votes (i.e., voting power) held or represented by each Delegate, the manner in which Members shall elect Delegates, and the manner in which each Delegate shall cast votes held by her or him shall be set forth in the Master Declaration, and the provisions of the Master Declaration governing all such matters are specifically incorporated herein by this reference.

Section 3.2. Annual Meeting: The first annual meeting of the Delegates of the Master Association shall be held not less than ten (10) days nor more than sixty (60) days after

the first meeting of the Members in the first Delegate District to hold such meeting in accordance with Section 4.4(c)(i) of the Master Declaration. Subsequent regular annual meetings of the Delegates shall be held within thirty (30) days of the same day of the same month of each year thereafter, at the hour of 7:00 o'clock p.m. If the day for the annual meeting of the Delegates is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday. The meetings of the Delegates shall be open to attendance by all Members and Mortgagee representatives to the extent of the permissible capacity of the meeting room.

Section 3.3. Special Meetings: Special meetings of the Delegates may be called at any time by the vote for such a meeting by a majority of a quorum of the Board of Directors, and shall be called upon written request of the Members representing not less than five percent (5%) of the voting power of the Master Association. If the Master Association is the obligee under a bond or other arrangement to secure performance of the commitment of the Declarant to complete Master Association Maintenance Area improvements which have not been completed prior to the close of escrow of the sale of the first Condominium or Lot, and the provisions relating to such bonding contained in the Master Declaration are applicable, a special meeting of Delegates may be called in accordance with the provisions of the Master Declaration which provisions are incorporated by reference herein.

Section 3.4. Notice and Place of Meetings: Written notice of each meeting of the Delegates shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, first-class or registered, at least twenty (20) but not more than ninety (90) days before such meeting to each institutional lender requesting notice and to each Delegate entitled to vote thereat, addressed to the Delegate's address last appearing on the books of the Master Association, or supplied by such Delegate to the Master 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 at a location on the Property whenever possible, and when not, at the principal office of the Master Association or such other suitable place convenient to the Owners as may be designated by the Board of Directors. Unless unusual conditions exist, meetings shall not be held outside the county in which the Properties are located.

Section 3.5. Quorum: The presence either in person or by proxy, at any meeting, of Delegates representing a majority of the Members' voting power of the Master Association, shall

constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Master Declaration, these Bylaws or the applicable provisions of the Corporations Code. If, however, such quorum shall not be present or represented at any meeting, the Delegates entitled to vote thereat shall have power to adjourn the meeting from time to time without notice other than announcement at the meeting, to a time not less than five (5) days nor more than thirty (30) days from the time the preceding meeting was called, and the required quorum at any such subsequent meeting shall be twenty-five percent (25%) of the voting power of the Master Association. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Delegates in the manner described for regular meetings.

Section 3.6. Proxies: At all meetings of Delegates, each Delegate 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 Delegate of his Condominium or Lot, or upon receipt of notice by the Secretary of the Board of the death or judicially declared incompetence of such Delegate.

Section 3.7. Voting: As used in these Bylaws, and the Master Declaration, the term "Majority of Delegates" (or other specified percentage) shall mean those Delegates holding a majority (or other specified percentage) of the voting power of the membership in the Master Association. Notwithstanding the foregoing, unless otherwise expressly provided in these Bylaws or the Master Declaration, any action which may be taken by the Master Association may be taken by a majority of a quorum of the Delegates of the Master Association.

Section 3.8. Actions Without a Meeting: The Delegates to the Master Association may take actions and exercise those powers and duties created by these Bylaws or the Master Declaration without a meeting if all of the Delegates consent in writing to the action to be taken. If the Delegates resolve by unanimous consent to take an action, an explanation of the action taken shall be posted in prominent places within the Association Property as the Delegates may direct which is calculated to give notice to all the Members of the Master Association within three (3) days after the written consents of all Delegates have been obtained.

ARTICLE IV

ELECTION OF BOARD OF DIRECTORS

Section 4.1. Number: The affairs of this Master Association shall be managed by a Board of five (5) directors, each of whom, except for those appointed and serving as first Directors, must either be a resident Owner of a Lot or Condominium in the Properties, or an agent of Declarant or an agent of a Participating Builder for so long as Declarant or a Participating Builder owns a Lot or Condominium in the Annexable Area.

Section 4.2. 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 (2) or more Members of the Master Association. The Nominating Committee shall be appointed by the Board of Directors ninety (90) days prior to each annual meeting of the Delegates, to serve until the close of such 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.

Section 4.3. Election: Term of Office: At the first annual meeting, the Delegates shall elect three (3) directors for a term of one (1) year and two (2) directors for a term of two (2) years; and at each annual meeting hereafter the Delegates shall elect directors for a term of two (2) years to succeed those directors whose terms have expired. If any annual meeting is not held, or the directors are not elected thereat, the directors may be elected at any special meeting of Delegates held for that purpose. All directors shall hold office until their respective successors are elected.

Election to the Board of Directors shall be by secret written ballot. At such election the Delegates or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Master Declaration and pursuant to the rules of cumulative voting as set forth in Corporations Code Section 7615(a). The persons receiving the largest number of votes shall be elected; provided, however, that at any election in which the Delegates other than Delegates directly or indirectly appointed by or controlled by Declarant or Participating Builders do not have a sufficient percentage of the voting power of the Master Association to elect at least twenty percent (20%), but not less than one (1), of the directors through the accumulation of all of their votes, the persons nominated for the Board who receive the highest number of votes cast by Delegates other than Delegates directly or

indirectly appointed by or controlled by Declarant or Participating Builders shall be elected to the Board until twenty percent (20%), but not less than one (1) member, of the Board is filled. Thereafter the remaining directors shall be elected in accordance with normal voting procedures.

Section 4.4. Removal: The entire Board of Directors may be removed, with or without cause, by a majority vote of the Delegates. Unless the entire Board is removed from office, as above, an individual director shall not be removed prior to the expiration of his term of office if the number of votes cast against his removal would be sufficient to elect the director if voted cumulatively at an election at which the same total number of votes were cast and the entire Board of Directors authorized at the time of the most recent election of the director to be removed were then being elected; provided, however, that notwithstanding the foregoing, a director who was elected to office pursuant to the special requirement of Section 4.4 of this Article (that Delegates insure that at least one director is appointed to the Board who is not controlled directly or indirectly by the Declarant or any Participating Builder) may be removed from office by a vote of the Delegates holding a majority of the voting power of the Master Association excluding Delegates directly or indirectly appointed by or controlled by Declarant or Participating Builders. In the event of death or resignation 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.

Section 4.5. Vacancies: Vacancies in the Board may be filled by a majority of the remaining directors, though less than a quorum, and each director so elected shall hold office for the unexpired term of his predecessor and until his successor is elected at an annual meeting of Delegates, or at a special meeting called for that purpose.

A vacancy or vacancies shall be deemed to exist in case of the death or resignation of any director, or if the Delegates shall increase the authorized number of directors but shall fail at the meeting at which such increase is authorized or at an adjournment thereof, to elect the additional directors so provided for, or in the case Delegates fail at any time to elect the full number of authorized directors.

The Delegates may at any time elect directors to fill any vacancy not filled by the directors, and may elect the additional directors at the meeting at which an amendment of the Bylaws is voted authorizing an increase in the number of directors.

If any director tenders his resignation to the Board, the Board shall have power to elect a successor to take office at such time as the resignation shall become effective.

Section 4.6. Compensation: Without the prior vote or written assent of the majority of the total voting power of the Master Association, and the majority of votes of Members other than Declarant and any Participating Builders, no director shall receive compensation for any service he may render to the Master Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 4.7. Liability of Directors; Indemnification of Directors and Agents: No Director shall have any liability based upon any alleged failure to properly discharge the obligations of a director as long as such Director performs the duties of a director in a manner not expressly contrary to law and in a manner such Director believes to be in the best interests of the Master Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. A Director shall be entitled to rely on information in any form prepared or presented by officers or employees of the Master Association whom the Director believes to be reliable and competent in the matters presented and to rely on the information and advice of other outside consultants which the Director believes to be within such person's professional or expert competence. Directors and other agents of the Master Association shall be indemnified to the full extent allowed by law without limitation.

ARTICLE V

MEETINGS OF DIRECTORS

Section 5.1. Regular Meetings: Regular meetings of the Board of Directors shall be held monthly at such place located on the Properties, or as close thereto as possible, and 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 next day which is not a legal holiday. Notice of the time and place of each meeting shall be posted at a prominent place or places within the Properties, and shall be communicated to each director not less than four (4) days prior to the meeting; provided, however, that notice of the meeting need not be given to a director who has signed a waiver of notice or a written consent to holding of the meeting.

Section 5.2. Special Meetings: Special meetings of the Board of Directors shall be held when called by the president of the Master Association, or by any two directors.

The notice shall specify the time and place of the meeting and the nature of the business to be conducted and shall be sent to all directors and posted in the manner prescribed for notice of regular meetings not less than seventy-two (72) hours prior to the scheduled time of the meeting; provided, however, that notice of the meeting need not be given to a director who has signed a waiver of notice or a written consent to holding of the meeting.

Section 5.3. 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.

Section 5.4. Attendance by Other Members: Regular and special meetings of the Board shall be open to all Members of the Master Association provided, however, that Master Association Members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by vote of a majority of a quorum of the Board.

Section 5.5. Executive Session: The Board may, upon vote of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Master 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 the executive session shall first be announced in the open session.

Section 5.6. Actions Without a Meeting: The Board of Directors may take actions and exercise those powers and duties specified in Article VI or otherwise authorized by these Bylaws or statute without a meeting if all of the Directors consent in writing to the action to be taken. If the Board of Directors resolves by unanimous written consent to take an action, an explanation of the action taken shall be posted in a prominent place or places within the Master Association Maintenance Area as the Directors may direct which is convenient to the Owners within three (3) days after the written consents of all Directors have been obtained.

ARTICLE VI

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 6.1. Powers: The Board of Directors shall have power to:

- (a) Suspend the voting rights and right to use of the recreational facilities of a Member during any period in which such Member shall be in default in the payment

of any assessment levied by the Master Association, or for a period not to exceed thirty (30) days for infraction of published rules and regulations, provided that (i) the Member to be suspended has been given at least fifteen (15) days' prior written notice of such action to be taken, which notice shall be given in the same manner as notice of special meetings of Members, and (ii) the Member to be suspended is given the right to be heard by the Board of Directors, orally or in writing, not less than five (5) days before the effective date of the suspension.

(b) Exercise for the Master Association all powers, duties and authority vested in or delegated to this Master Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporations, or the Master Declaration;

(c) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties. Any manager, agent or employee selected prior to the first annual election shall be employed to manage or work only until the first annual election after initial organization, at which time the continuance of the same or the selection of a new manager or agent shall be determined by the Board of Directors selected at the first annual election. In addition, the Master Association shall have the authority to delegate its power to committees, officers of the Master Association, or employees. All contracts of the Master Association, however, shall be limited in duration for a period of not more than one (1) year to be terminable by either party hereto without cause and without payment of a termination fee, upon ninety (90) days' written notice thereof and shall be terminable for cause on thirty (30) days written notice, except as follows:

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

(2) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate.

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

(4) Lease agreements for laundry room fixtures and equipment of not to exceed five (5) years duration provided that the lessor under the agreement is not an entity in which the Declarant has a direct or indirect ownership interest of ten percent (10%) or more.

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

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

(d) Cause to be prepared and distributed to each Member:

(1) A pro forma operating statement (budget) for each fiscal year which shall be distributed not less than forty-five (45) days and not more than sixty (60) days before the beginning of the fiscal year containing at least the following information:

(i) Estimated revenue and expenses on an accrual basis.

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

(iii) An itemized estimate of the remaining life of, and the methods of funding to defray the costs of repair, replacement or additions to, major components of the Master Association Maintenance Area.

(iv) A general statement setting forth the procedures used by the governing body in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the Master Association Maintenance Area.

(2) A balance sheet as of an accounting date which shall be the last day of the month nearest in

time to six (6) months from the date of closing of the first sale of a Condominium or Lot to a Member of the Master Association and an operating statement for an accounting period from the aforesaid date of first closing to the aforesaid accounting date which shall be distributed within sixty (60) days after the accounting date. The operating statement shall include a schedule of assessments received or receivable itemized by Condominium or Lot number and by the name of the person or entity assessed;

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

(i) A balance sheet as of the end of the fiscal year.

(ii) An operating (income) statement for the fiscal year.

(iii) A statement of changes in financial position for the fiscal year.

(iv) Any information required to be reported under Section 8322 of the Corporations Code of the State of California.

If such report is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Master Association that the statements were prepared without independent audit or review from the books and records of the Master Association.

(4) A copy of an external audit prepared in accordance with generally accepted accounting principles by an independent public accountant licensed by the California State Board of Accountancy which shall be required for fiscal year financial statements (other than budgets) for any fiscal year in which the gross income to the Master Association exceeds \$75,000.00. The copy audit shall be distributed within one hundred twenty (120) days after the close of each fiscal year.

(5) In addition to financial statements, the governing body shall annually distribute within sixty (60) days prior to the beginning of the fiscal year a statement of the Master Association's policies and practices in enforcing its remedies against Members for defaults in the payment of regular and special assessments including the

recording and foreclosing of liens against Member's subdivision interests.

Section 6.2: Duties: It shall be the duty of the Board of Directors to:

(a) 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 the Delegates representing one-fourth (1/4) of the Class A Members who are entitled to vote;

(b) Supervise all officers, agents and employees of this Master Association, and to see that their duties are properly performed;

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

(1) Fix the amount of the annual assessment against each Condominium or Lot at least thirty (30) days in advance of each annual assessment period;

(2) Send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) Record a notice of assessment pursuant to Civil Code Section 1367 and foreclose the lien against any property for which assessments are not paid within thirty (30) days after the date a Notice of Delinquent Assessment has been mailed to the Owner or bring an action at law against the Owner personally obligated to pay the same.

(d) Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) Procure and maintain adequate liability and hazard insurance on property owned by the Master Association as required by the Master Declaration;

(f) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) Appoint a paid manager responsible to the Board and delegate to such manager the authority to manage the Properties..

Section 6.3. Prohibitions: The Board shall be prohibited from taking any of the following actions, except with the vote or written assent of a majority of the total voting power of the Master Association and a majority of the votes of Members other than Declarant or any Participating Builders:

(a) Incurring aggregate capital expenditures in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Master Association for that fiscal year.

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

(c) Paying compensation to Members of the Board or to officers of the Master Association for services performed in the conduct of the Master 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 Master Association.

(d) Filling a vacancy on the Board of Directors created by the removal of a director.

(e) Initiate legal proceedings in a superior court of the State of California, except (1) an action to judicially foreclose an assessment lien pursuant to the Master Declaration, (2) an action to enforce Master Declaration, Bylaws, Articles of Incorporation, Rules and Regulations and the decisions of the Architectural Review Committee and/or Board of Directors, or (3) to cross-complain in any municipal or superior court action brought against the Master Association as a party defendant.

ARTICLE VII

OFFICERS AND THEIR DUTIES

Section 7.1. Enumeration of Officers: The officers of the Master Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and chief financial officer, and such other officers as the Board may from time to time by resolution create.

Section 7.2. Election of Officers: The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 7.3. Term: The officers of the Master Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 7.4. Special Appointments: The Board may elect such other officers as the affairs of the Master 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.

Section 7.5. 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.

Section 7.6. Vacancies: A vacancy in any 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.

Section 7.7. 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 Article VIII, below.

Section 7.8. 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, deed 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 and of the members; serve notice of

meetings of the Board and of the members; keep appropriate current records showing the members of the Master 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 Master 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 Master Association and shall keep or cause to be kept proper books of account.

Section 7.9. Compensation: Without the prior vote or written assent of a majority of the voting power of the Master Association and a majority of the votes of Members other than Declarant or any Participating Builders, no officer shall receive compensation for any service he may render to the Master Association. However, any officer may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE VIII

COMMITTEES

The Master Association shall appoint an Architectural Control Committee, as provided in the Master Declaration, and a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE IX

BOOKS AND RECORDS

Section 9.1. Availability of Records: The membership register, books of account and minutes of meetings of the members of the Board and of committees of the Board shall be made available for inspection and copying by any Member, 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 Master Association or at such other place within the Properties as the Board shall prescribe. The Board shall make available to any prospective purchaser of a Condominium or Lot, any Owner of a Condominium or Lot, any first Mortgagee, and the holders, insurers and guarantors of a first Mortgage on any Condominium or Lot, current copies of the Master Declaration, the Articles of Incorporation, the Bylaws, rules governing the Project and all other books, records and financial statements of the Master Association when requested in writing and when accompanied by a reasonable

fee which the Board shall set in an amount which shall cover the costs of reproduction and a nominal service charge.

Section 9.2. Rule Making: The Board shall establish reasonable rules with respect to:

(a) Notice to be given to the custodian of the 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.

Section 9.3. Directors' Right to Inspect: Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Master Association and the physical properties owned or controlled by the Master Association. The right of inspection by a director includes the right to make extracts and copies of documents.

ARTICLE X

MISCELLANEOUS

Section 10.1. Amendments: These Bylaws may be amended only by the affirmative vote of at least a bare majority of (a) all the voting power of the Master Association and (b) the majority of votes of the Members of the Master Association other than Declarant or any Participating Builders. However, if the two-class voting structure as set forth in the Master Declaration is still in effect, these Bylaws may not be amended without the vote or written assent of the Delegates representing the prescribed percentage of each class of membership.

Section 10.2. Conflicts: 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 Master Declaration and these Bylaws, the Master Declaration shall control.

Section 10.3. Specific Voting Requirements: Any provision herein calling for membership approval of action to be taken by the Master Association, except provisions with respect to the action referred to in Section 11.10 of the Master Declaration to enforce the obligation of the Declarant referred to therein, shall expressly require the vote or written assent of the Delegates representing a prescribed percentage of each class of membership during the time that there are two outstanding classes of membership, as set forth above.

Section 10.4. Fiscal Year: The fiscal year of the Master Association shall begin on the first day of January and end on the 31st day of December of every year.

CERTIFICATION

We the undersigned, being all of the directors of the Master Association, do hereby certify:

That we are entitled to exercise all of the voting power of said corporation;

That we hereby assent to the within and foregoing Bylaws and hereby adopt the same as the Bylaws of said corporation.

IN WITNESS WHEREOF, we have hereunto subscribed our names this 21st day of July, 1986.

Caroline
David Mani
Richard E. Pope
Richard W. Walmsley
Ann Pope

I, the undersigned, the duly elected and acting secretary of Marina Hills Planned Community Master Association, a California corporation, do hereby certify:

That the within and foregoing Bylaws were adopted as the Bylaws of said corporation on the 21st day of July, 1986, and that same constitute the Bylaws of said corporation.

IN WITNESS WHEREOF, I have hereunto subscribe my name Richard W. Walmsley this 21st day of July, 1986.

Richard W. Walmsley
Secretary

CERTIFICATE OF AMENDMENT
OF ASSOCIATION BYLAWS

MARINA HILLS PLANNED COMMUNITY ASSOCIATION

Thomas Parsekian and Mary Ann Malamut certify that:

1. They are the President and Secretary, respectively, of Marina Hills Planned Community Association, a California nonprofit mutual benefit corporation.

2. Article III shall be amended to change the title to read as follows:

"DELEGATE ELECTION AND DELEGATE MEETINGS"

3. The Association Bylaws are amended to add the following new Article IIIA.

"ARTICLE IIIA

MEETINGS OF MEMBERS AND VOTING

Section 3A.01. 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 Orange County, convenient to the Owners, as may be designated by the Board of Directors.

Section 3A.02. Annual Meetings of Members: The First Annual Meeting of Members will be held on or about August 27, 1997. Thereafter, the Annual Meetings of the Members shall be held on or about the anniversary date of the First Annual Meeting. 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 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 Condominium in the Project may designate a representative to attend all Annual Meetings of the Members.

Section 3A.03. 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 nor 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 Condominium in the Project may designate a representative to attend all Special Meetings of the Members.

Section 3A.04. 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 ninety (90) 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 Condominium, 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) nor 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 or issuance of Membership certificates on the books of the Association after the record date.

Section 3A.05. Quorum: The presence at the meeting of Members or proxies or any combination thereof entitled to cast a majority of the voting power of the Association shall constitute a quorum for any action except as otherwise provided in the Association's Management Documents. The Members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action not taken (other than adjournment) is approved by at least a majority of the voting power required to constitute a quorum.

Section 3A.06. Adjourned Meetings: If any meeting of Members can not 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 forty-five (45) 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 IIIA, 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 3A.04 hereof.

Section 3A.07. Order of Business: The order of business at all meetings of the Members shall be as follows: (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 at Annual Meetings or Special Meetings held for such purpose; (g) election of Directors at Annual Meetings or Special Meetings held for such purpose; (h) unfinished business; and (i) new business.

Section 3A.08. Action Without A 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 3A.04 for the giving of notice of meetings of Members. Such solicitations shall specify (a) the number of responses needed 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 Members 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 3A.09. Proxy: (a) Every Member entitled to vote or execute consent shall have the right to do so either in person, or by an agent or agents authorized by a written proxy executed by such Member or his duly authorized agent and filed with the Secretary of the Association; provided that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless otherwise provided in the proxy, except that a maximum term of any proxy shall be three (3) years from the date of execution. All proxies must satisfy the requirements of Section 7613 of the California Corporations Code. (b) Any revocable proxy concerning certain matters which require a vote of the Members is not valid as to such matters unless it sets forth the general nature of the matter to be voted on. These certain matters are the election and filling of any Board vacancy, and/or other matter which may be specifically set forth in these Bylaws.

Section 3A.10. 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 3A.11. Minutes, Presumption of Notice: Minutes or a similar record of the proceedings of 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."

4. Amend Bylaw Article IV, ELECTION OF BOARD OF DIRECTORS, as follows:

a. The fourth sentence of Section 4.2 is amended to read as follows:

"The Nominating Committee shall be appointed by the Board of Directors ninety (90) days prior to each Annual Meeting of the Members, to serve until the close of such Annual Meeting."

b. Section 4.3 is amended to read as follows:

"Election: Term of Office: At the Annual Meeting, the Members shall elect Directors for a term of two (2) years to succeed those Directors whose terms have expired. If any Annual Meeting is not held, or the Directors are not elected thereat, the Directors may be elected at any Special Meeting of Members held for that purpose. All Directors shall hold office until their successor has been elected, or until his death, resignation, removal or judicial adjudication of mental incompetence. The term of office of each Director elected 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. 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 requirements 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."

c. Section 4.4 is modified to read as follows:

"Removal: The entire Board of Directors may be removed,

with or without cause, by a majority vote of the Members. Unless the entire Board is removed from office, as above, an individual Director shall not be removed prior the expiration of his term of office if the number of votes cast against his removal would be sufficient to elect the Director if voted cumulatively at an election at which the same total number of votes were cast and the entire Board of Directors authorized at the time of the most recent election of the Director to be removed were then being elected. In the event of the death, resignation, removal or judicial adjudication of mental incompetence 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."

d. Section 4.5 is modified to read as follows:

"Vacancies: Vacancies in the Board may be filled by a majority of the remaining Directors, though less than a quorum, and each Director so elected shall hold office for the unexpired term of his predecessor and until his successor is elected at an Annual Meeting of Members, or at a Special Meeting called for that purpose.

A vacancy or vacancies shall be deemed to exist in case of the death or resignation of any Director, or if the Members shall increase the authorized number of Directors but shall fail at the meeting at which such increase is authorized or at an adjournment thereof, to elect the additional Directors so provided for, or in the case Members fail at any time to elect the full number of authorized Directors.

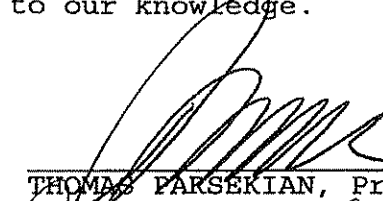
The Members may, at any time, elect Directors to fill any vacancy not filled by the Directors, and may elect the additional Directors at the meeting at which an amendment of the Bylaws is voted, authorizing an increase in the number of Directors.

If any Director tenders his resignation to the Board, the Board shall have the power to elect a successor to take office at such time as the resignation shall become effective."

5. The foregoing amendments of the Bylaws have been duly approved by the required vote of the voting power of the Master Association and votes of the members of the Master Association other than Declarant.

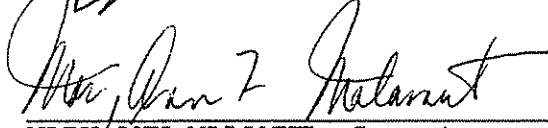
We declare under penalty of perjury under the laws of the State of California that the matters set forth in this Certificate of Amendment are true and correct to our knowledge.

Dated: JUNE 24, 1997



THOMAS PARSEKIAN, President

Dated: JUNE 25, 1997



MARY ANN MALAMUT, Secretary

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