

ARTICLE I

NAME AND LOCATION

The name of the corporation for which these are the Bylaws is "BLOSSOM WALK MAINTENANCE CORPORATION" (hereinafter referred to simply as the "Association.") The principal office of the Association shall be located at the address of the Condominium Project.

ARTICLE II

DEFINITIONS

The definitions contained and set forth in the Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for the BLOSSOM WALK Condominium Project in the City of San Diego, California, hereinafter referred to simply as the "Declaration" are incorporated herein by reference and made a part hereof as though set forth in full.

ARTICLE III

MEETING OF MEMBERS AND VOTING

3.1 **Annual Meeting.** Regular meetings of Members of the Association shall be held not less frequently than once each calendar year within thirty (30) days of the same day of the same month of each year, at a time determined by the Board of Directors.

3.2 **Special Meetings.** A special meeting of the Members shall be promptly scheduled by the Board of Directors in response to the vote of the Board itself or a written request for a special meeting signed by Members representing at least five (5%) percent of the total voting power of the Association.

3.3 **Notice and Place of Meetings.** Written notice of each meeting of the Members shall be given to each Member by individual delivery pursuant to Civil Code § 4040, and to each institutional lender requesting notice by mail at least ten (10) days, but not more than ninety (90) days before such meeting. 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. Notwithstanding any other provision of law, notice of meetings of the Members shall specify those matters the Board intends to present for action by the Members, but, except as otherwise provided by law, any proper matter may be presented at the meeting for action. Meetings shall be held within the Condominium Project, or at a meeting place within the same county and as close to the Condominium Project as possible.

Institutional lenders may designate in writing a representative to attend all meetings and are hereby authorized to furnish information to the Association concerning the status of any loan encumbering a Unit within the Condominium Project.

3.4 **Quorum.** In the case of a Membership meeting or written ballot, the quorum shall be those Members eligible to vote and represented in person or by proxy for any action except as otherwise provided in the Declaration.

3.5 **Proxies.** At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary and/or the management company before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Unit, or upon receipt of notice by the secretary of the Board of the death or judicially declared incompetence of a member, or upon the expiration of eleven (11) months from and after the date of its execution, unless the Member executing it specifies therein the length of time for which the proxy is to continue in force, which in no case may exceed three (3) years from and after the date of its execution. Every form of proxy or written ballot which provides an opportunity to specify approval, disapproval with respect to any proposal shall also contain a space marked "abstain." Any form of proxy or written ballot distributed by any person to the Membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon, except it shall not be mandatory that a candidate for election to the governing body be named in the proxy or written ballot. The proxy or written ballot shall provide that, where the member specifies a choice, the vote shall be cast in accordance with that choice. The proxy shall also identify the person or persons authorized to exercise the proxy and the length of time it will be valid.

3.6 **Membership Classes and Voting Rights.** Members shall be all Owners and each Owner shall be entitled to one (1) vote for each Unit owned. When more than one person holds an interest in any Unit, all such persons shall be Members and the vote for such Unit shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Unit.

3.7 **Action Without Meeting.** Any action which may be taken by the vote of Members at a regular meeting or special meeting, except the election of the Members of the Board of Directors, may be taken without a meeting if done in compliance with the provisions of Civil Code § 5100 - 5183.

3.8 **Conduct of Meetings.** Meetings of the membership of the Association shall be conducted in accordance with a recognized system of parliamentary procedure or any such parliamentary procedure as the Association may adopt.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION, TERM OF OFFICE, MEETINGS, POWERS AND DUTIES

4.1 **Number.** The affairs of this Association shall be managed by a Board of five (5) Directors, who must be Members of the Association.

4.2 **Term of Office.** The Members shall elect Directors in staggered, two-year terms, alternating between three (3) Directors one year and two (2) the next. In the event that any annual meeting is not held, or the Directors not elected at such meeting, the Directors may be elected at any special meeting of the Association held for that purpose, and all incumbent Directors shall hold their office until their successors are elected.

4.3 **Nomination.** Prior to the election of directors, the Board shall, by written notice to all Members, solicit nominees. The notice shall include the director qualifications and a cutoff

date and time for close of nominations. Nominees may be listed as candidates on the ballot provided (i) they meet the director qualifications of Section 4.1 and (ii) their nomination is made prior to the date and time set for the close of nominations. Nominations from the floor of a meeting are not permitted. All candidates shall have reasonable opportunity to communicate their qualifications to Members and to solicit votes.

4.4 **Election.** Voting for Directors shall be by secret written ballot in accordance with Civil Code § 5100, et. seq. Cumulative voting is not permitted.

4.5 **Removal; Vacancies.** Unless the entire Board is removed from office by a simple majority vote of Association Members, 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 him if voted cumulatively at an election at which the same total number of votes were cast and the entire number of Directors authorized at the time of the most recent election were then being elected. A director who was elected solely by the votes of Members other than the Declarant may be removed from office prior to the expiration of his term only by the votes of a majority of Members other than the Declarant. In the event of death or resignation of a Director, his successor shall be selected by a majority of the remaining Directors or by a sole remaining Director, and shall serve for the unexpired term of his predecessor. The Members may elect a Director at any time to fill any vacancy not filled by the Directors. Any vacancy created by the removal of a Director can be filled only by election of the Members.

4.6 **Open Meeting Act Requirements.** Notwithstanding any other language included herein, in accordance with Civil § 4900, the Common Interest Development Open Meeting Act, the following procedures shall be followed:

(a) Any member of the Association may attend meetings of the Board of Directors of the Association, except when the Board adjourns to executive session to consider litigation, matters relating to the formation of contracts with third parties, member discipline, personnel matters, or to meet with a member, upon the member's request, regarding the member's payment of assessments, as specified in Civil Code § 5665. The Board of Directors of the Association shall meet in executive session, if requested by a member who may be subject to a fine, penalty, or other form of discipline, and member shall be entitled to attend the executive session.

(b) Any matter discussed in executive session shall be generally noted in the minutes of the immediately following meeting that is open to the entire membership.

(c) The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the Board of Directors of the Association, other than an executive session, shall be available to members within 30 days of the meeting.

(d) The minutes, proposed minutes, or summary minutes shall be distributed to any member of the Association upon request and upon reimbursement of the Association's costs for making that distribution. The annual policy statement, prepared pursuant to Civil Code § 5310, shall inform Members of their right to obtain copies of Board meeting minutes and how and where to do so.

(e) As used in this section, "meeting" includes any congregation of a majority of the members of the Board of Directors at the same time and place to hear, discuss, or deliberate upon any item of business scheduled to be heard by the Board, except those matters that may be discussed in executive session.

(f) The Association shall give notice of the time and place of a Board meeting at least four (4) days before the meeting, by general delivery pursuant to Civil Code § 4045.

(g) An emergency meeting of the Board of Directors may be called by the President of the Association, or by any two (2) members of the governing body other than the President, if there are circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board of Directors, and which of necessity make it impracticable to provide notice as required by this section. The Association is not required to give notice of the time and place of an emergency meeting.

(h) The Board of Directors of the Association shall permit any Member of the Association to speak at any meeting of the Association or the Board of Directors, except for meetings of the Board held in executive session. A reasonable time limit for all Members of the Association to speak to the Board of Directors or before a meeting of the Association shall be established by the Board of Directors.

4.7 **Special Meetings.** Special Meetings of the Board of Directors shall be held when called by written notice signed by the president of the Association or by any two (2) Directors other than the president. The Notice shall specify the time and place of the meeting and the nature of any special business to be considered. The Notice shall be personally delivered, mailed or emailed to all Directors and posted at a prominent place within the Common Area 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 any Director who signed a waiver of notice or a written consent to holding of the meeting. If the Common Area consists of only an easement or is otherwise unsuitable for posting of such notice, the Board shall communicate the notice of the time and place of such meeting by any means it deems appropriate.

4.8 **Quorum; Notice of Adjourned Meeting.** A majority of the number of Directors shall constitute a quorum and be necessary for the transaction of business, except to adjourn until the time fixed for the next regular meeting of the Directors. 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. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for the meeting. Notice of the time and place of holding the adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the Directors who were not present at the time of the adjournment, and shall be posted at a prominent place within the Common Area. An explanation of the action taken shall be posted at a prominent place within the Common Area within three (3) days after the meeting. If the Common Area consists of only an easement or is otherwise unsuitable for posting of such notice or explanation, the Board shall communicate such notice or explanation by any means it deems appropriate.

4.9 **Participation in Meetings by Directors.** In accordance with Civil Code § 4910(b)(1), Members of the Board shall not conduct meetings by electronic transmission except for emergency meetings, if all Directors, individually or collectively, consent in writing to that action and the written consents are filed with the minutes of the Board meeting. The written consents may be transmitted electronically.

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

(a) **Maintenance:** Maintain the Condominium Project in accordance with the provisions of the Condominium Project Documents.

(b) **Insurance:** Procure and maintain insurance as required by the provisions of the Restrictions.

(c) **Discharge of Liens:** Discharge by payment, if necessary, any lien against the Common Area and assess the cost thereof to the Member or Members responsible for the existence of said lien.

(d) **Assessments:** Fix, levy, collect, and enforce assessments as set forth in the Restrictions.

(e) **Expenses and Obligations:** Pay all expenses and obligations incurred by the Association in the conduct of its business including, without limitation, all licenses, taxes, or governmental charges levied or imposed against the property of the Association.

(f) **Records:** Cause to be kept a complete record of all its acts and affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4th) of the Members; keep adequate and correct books and records of account, minutes of its own proceedings and those of its committees, and a record of its members and the Members of the Association, giving their names and addresses.

(g) **Supervision:** Supervise all officers, agents, and employees of the Association, and see that their duties are properly performed.

(h) **Enforcement:** Enforce the provisions of the Restrictions.

4.11 **Powers.** The Board of Directors shall have the power to:

(a) **Manager:** Employ a manager as provided in the Restrictions.

(b) **Adoption of Rules:** Adopt rules in accordance with the provisions of the Restrictions.

(c) **Contracts:** Contract for goods and/or services in accordance with the provisions of the Restrictions.

(d) **Delegation:** Delegate its authority and powers to committees, officers, or employees of the Association.

(e) **Partition:** Sell the Condominium Project, in the event of partition pursuant to the provisions of the Declaration.

4.12 **Prohibited Acts.** The Board of Directors shall not take any of the following actions except with the vote or written consent of a majority of the voting power of the Association:

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

- (1) A management contract, the terms of which have been approved by the Federal Housing Administration or U.S. Department of Veterans Affairs (if either of these entities is the holder, insurer or guarantor of any loan or mortgage on any Unit in the Condominium Project);
- (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 not-to-exceed five (5) years in duration;
- (5) Agreements for cable television services and equipment or satellite services and equipment of not-to- exceed five (5) years duration;
- (6) Agreements for sale or lease of burglar alarm and fire alarm equipment, installation, and services of not-to-exceed five (5) years duration..

(b) Incurring, during any fiscal year, any expenditures for capital improvements to the Common Area;

(c) Selling, during any fiscal year, any property of the Association;

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

(e) Filling a vacancy on the Board of Directors created by the removal of a Director.

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

ARTICLE V

OFFICERS AND THEIR DUTIES

5.1 **Enumeration of Officers.** The officers of the Association shall be a president and vice-president, who shall at all times be Directors, a secretary, and chief financial officer (treasurer), and such other officers as the Board may from time to time create by resolution.

5.2 **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 Association.

5.3 **Term.** At each annual meeting, the Directors shall elect officers for one-year terms.

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

5.5 **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.

5.6 **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.

5.7 **Multiple Offices.** No person shall simultaneously hold more than one office, except that the offices of secretary and chief financial officer may be held by the same person, and except in the case of special offices created pursuant to Paragraph 5.4 of this Article.

5.8 **Duties.** The duties of the officers are as follows:

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

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

(c) **Secretary.** The secretary shall record all votes and keep the minutes of all meetings and proceedings of the Board and of the Association, serve notice of meetings of the Board and of the Association; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board. The foregoing duties, may, upon approval of the Board of Directors of the Association, be delegated to the management company selected by the Association. The foregoing delegation of duties to a management company does not include the withdrawal of moneys from the reserve account per Civil Code § 5510(a).

(d) **Chief Financial Officer.** The chief financial officer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall co-sign all checks and promissory notes of the Association; shall keep proper books of account; shall prepare and distribute financial statements to each Member of the Association as follows. The foregoing duties, may, upon approval of the Board of Directors of the Association, be delegated to the management company selected by the Association. The foregoing delegation of duties to a management company does not include the withdrawal of moneys from the reserve account per Civil Code § 5510(a).

5.9 **Documents to be Prepared and Distributed to Members.** An appropriate officer of the Association shall prepare and distribute to all of its members the following documents:

(a) A pro-forma operating budget ("Budget") for the Association for each fiscal year of the Association, a copy of which shall be distributed by individual delivery pursuant to Civil Code § 4040 to each of the Members of the Association not fewer than thirty (30) days nor more than ninety (90) days prior to the beginning of the fiscal year to which the budget relates. Said Budget shall include all of the following;

- (1) The estimated revenue and expenses on an accrual basis.
- (2) A summary of the Association's reserves , prepared pursuant to Civil Code § 5565., which shall be printed in bold type and include all of the following:
- (3) A summary of the reserve funding plan adopted by the Board, as specified in Civil Code § 5550(b)(5).
- (4) A statement as to whether board has determined to defer or not undertake repairs or replacement of any major component with a remaining life of 30 years or less, including a justification for the deferral or decision not to undertake repairs or replacement.
- (5) A statement as to whether the Board, consistent with the reserve funding plan adopted pursuant to Civil Code § 5560, has determined or anticipates that the levy of one or more Special Assessments will be required to repair, replace, or restore any major component or to provide adequate reserves therefor. If so, the statement shall also set out the estimated amount, commencement date, and duration of the assessment.

- (6) A statement as to the mechanism or mechanisms by which the Board will fund reserves to repair or replace major components, including assessments, borrowing, use of other assets, deferral of selected replacements or repairs, or alternative mechanisms.
- (7) A general statement addressing the procedures used for the calculation and establishment of those reserves to defray the future repair, replacement, or additions to those major components that the Association is obligated to maintain.
- (8) A statement as to whether the Association has any outstanding loans with an original term of more than one year, including the payee, interest rate, amount outstanding, annual payment, and when the loan is scheduled to be retired.
- (9) A summary of the Association's property, general liability, earthquake, flood, and fidelity insurance policies. For each policy, the summary shall include the name of the insurer, the type of insurance, the policy limit, and the amount of the deductible, if any. To the extent that any of the required information is specified in the insurance policy declarations page, the Association may meet its obligation to disclose that information by making copies of that page and distributing it with the annual budget report.

The summary distributed pursuant to this paragraph shall contain, in at least 10-point boldface type, the following statement:

This summary of the Association's policies of insurance provides only certain information, as required by Section 5300 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance may not cover your property, including personal property or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage.

- (10) A statement describing the status of the common interest development as a Federal Housing Administration (FHA)-approved condominium project pursuant to FHA guidelines, including whether the common interest development is an FHA-approved condominium project. The statement

shall be in at least 10-point font on a separate piece of paper and in the following form:

Certification by the Federal Housing Administration may provide benefits to members of an association, including an improvement in an owner's ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest.

This common interest development [is/is not (circle one)] a condominium project. The association of this common interest development [is/is not (circle one)] certified by the Federal Housing Administration.

- (11) A statement describing the status of the common interest development as a federal Department of Veteran's Affairs (VA)-approved condominium project pursuant to VA guidelines, including whether the common interest development is a VA-approved condominium project. The statement shall be in at least 10-point font on a separate piece of paper and in the following form:

Certification by the federal Department of Veteran's Affairs may provide benefits to members of an association, including an improvement in an owner's ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest.

This common interest development [is/is not (circle one)] a condominium project. The association of this common interest development [is/is not (circle one)] certified by the federal Department of Veteran's Affairs.

(b) A copy of the completed "Charges for Documents Provided" disclosure identified in Civil Code § 4528.

(c) A reserve study ("Reserve Study") once every three (3) years. The term "Reserve Study," as used in these Bylaws and the other Governing Documents, shall mean: a reasonably competent and diligent visual inspection of the accessible areas of the major components in the Project, which the Association is obligated by the Declaration and any other Governing Document, to repair, replace, restore or maintain as part of a study of the reserve account requirements of the Project. The Board shall review the Reserve Study, or cause it to be reviewed, annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review. The Reserve Study shall include at a minimum, the following:

- (1) Identification of the major components which the Association is obligated to repair, replace, restore or maintain, which, as of the date of the study,

have a remaining useful life of less than 30 years (hereafter, "Component(s)").

- (2) Identification of the estimated remaining life and estimated useful life of each component.
- (3) An itemized estimate of the cost of repair, replacement, restoration or maintenance costs of each Component, both currently and at the end of its useful life.
- (4) An estimate of the total annual contribution (and monthly representation) necessary to defray the cost to repair, replace, restore or maintain each Component during and at the end of its useful life, after subtracting total reserve funds as of the date of the Reserve Study

(d) As of the end of the fiscal year for which the reserve study is prepared: (1) the current estimate of the amount of cash reserves necessary to repair, replace, restore or maintain the Components (hereafter, "Cash Reserves "), (2) the current amount of accumulated cash reserves actually set aside to repair, replace, restore or maintain the Components (hereafter, "Accumulated Reserves"), and (3) the percentage that the Accumulated Reserves is of the Cash Reserves (in other words, Accumulated Reserves divided by Cash Reserves).

- (1) a balance sheet as of the end of the Association's fiscal year,
- (2) an operating (income) statement for the fiscal year,
- (3) a statement of changes in financial position for the fiscal year, and
- (4) any information required to be reported under California Corporations Code § 8322, will be distributed within one hundred twenty (120) days after the close of the fiscal year.

If this report is not prepared by an independent accountant, it will be accompanied by the certificate of an authorized officer of the Association indicating that the statements were prepared without audit from the books and records of the Association.

(e) In lieu of the distribution of the Budget described in subsection (a) or the annual policy statement as described in subsection (b), the Board of Directors may elect to distribute a summary of said reports to all of the Association's Members with a "written notice" on the front page of the summary printed in at least 10-point bold type stating that the full reports are available at the business office of the Association, or at another suitable location and that copies will be provided upon request and at the expense of the Association. If any Member requests a copy of the reports, the Association shall provide the copy to the Member by individual delivery pursuant to Civil Code § 4040.

(f) The foregoing duties may be delegated to management appointed by the Board.

(g) The fiscal year of the Association will begin on the first (1st) day of January and end on the thirty-first (31st) day of December of every year, except that the first fiscal year will begin on the date of incorporation or establishment of the Association.

ARTICLE VI

BOOKS AND RECORDS

6.1 **Inspection by Members.** Members of the Association shall have access to Association records in accordance with Civil Code § 5200, et. seq. The Condominium Project Documents, the membership register (including names, telephone numbers, mailing addresses, and voting rights), books of account and minutes of meetings of the Association, Board, and committees shall be made available for inspection and copying by any Member of the Association, or by his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a Member, at the office of the Association or at such other place within the Condominium Project as the Board may prescribe.

6.2 **Rules for Inspection.** 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.

6.3 **Inspection by Directors.** 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. The right of inspection by a Director includes the right to make extracts and copies of documents at reasonable charge.

ARTICLE VII

DISCIPLINING OF MEMBERS BY THE ASSOCIATION

7.1 **Abridgement of Use of Common Area.** The Board of Directors is hereby prohibited, in accordance with California Code of Regulations § 2792.26, from causing a forfeiture or abridgement of an Owner's right to the full use and enjoyment of his Unit on account of the failure of the Owner to comply with the provisions of the governing instruments or of the duly enacted rules of operation for common areas and facilities except by judgement of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a power of sale for failure of the Owner to pay assessments duly levied by the Association.

7.2 **Monetary Penalties; Temporary Suspensions.** The Board of Directors is hereby authorized to impose monetary penalties, temporary suspensions of an Owner's rights as a member of the Association, or other appropriate discipline for failure to comply with the governing instruments provided that the procedures for notice and hearing, satisfying the minimum

requirements of Civil Code § 5855 are followed with respect to the accused member before a decision to impose discipline is reached.

7.3 **Treatment of a Monetary Penalty.** A monetary penalty imposed by the Association as a disciplinary measure for failure of a member to comply with the governing instruments or as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to the Common Areas and facilities for which the member was allegedly responsible or in bringing a member and his Unit in compliance with the governing instruments may not be characterized nor treated in the governing instruments as an assessment which may become a lien against the members Unit enforceable by a sale of the Unit in accordance with the provisions of Civil Code §§ 2924, 2924 (b) and 2924 (c). The provisions of this Section 7.3 do not apply to charges imposed against an Owner consisting of reasonable late payment penalties for delinquent assessments and/or charges to reimburse the Association for the loss of interest and for costs reasonably incurred (including attorneys' fees) in its effort to collect delinquent assessments.

ARTICLE VIII

MISCELLANEOUS

8.1 **Amendments.** These Bylaws may be amended only by the affirmative vote (in person or by proxy) or written consent of Members representing a majority of the total voting power of the Association. However, the percentage of voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative vote required for action to be taken under that clause.

8.2 **Conflicts.** In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control. In the case any of these Bylaws conflict with the provisions of the Common Interest Development Act of the State of California, the provisions of said statute shall control.