

BYLAWS OF CREEKSIDE PROPERTY OWNERS' ASSOCIATION

ARTICLE I. PLAN OF OWNERSHIP

NAME

Section 1.01. The name of the corporation is CREEKSIDE PROPERTY OWNERS' ASSOCIATION.

PRINCIPAL OFFICE

Section 1.02. The principal office of the Association shall be located at such places as the Board of Directors of the Association shall from time to time designate. The Board of Directors is hereby granted full power and authority to change the principal office of the Association from one location to another in the County of Monterey, California. The principal office as designated by the Board of Directors, and any such change shall be noted by the Secretary in these Bylaws, but shall not be considered an amendment of these Bylaws.

APPLICATION

Section 1.03. These Bylaws are applicable to the residential planned development known as CREEKSIDE PROPERTY OWNERS' ASSOCIATION ("Development"). These Bylaws are also applicable to all Members of the Association and all tenants, employees, guests and other persons who use the facilities of the Development in any manner.

DEFINITIONS

Section 1.04. Unless otherwise specified in these Bylaws, the definitions set forth in Article I of the Second Amended Declaration for CREEKSIDE PROPERTY OWNERS' ASSOCIATION (herein the "Declaration") recorded on November 12, 2002, in the Office of the Recorder of Monterey County, California, apply to these Bylaws.

MEMBERSHIP

Section 1.05. Every Owner, upon becoming an Owner, shall automatically become a Member of the Association. Ownership of a Unit is the sole qualification for membership. Each Member shall have the rights, duties, privileges, and obligations set forth in the Governing Documents. Membership shall automatically cease when the Owner no longer holds an ownership interest in a Unit. All memberships shall be appurtenant to the Unit conveyed, and cannot be transferred, assigned, conveyed, hypothecated, pledged, or alienated except as part of a transfer of the Owner's entire ownership interest, and then only to the transferee. Any transfer of the Owner's title to his or her Unit shall automatically transfer the appurtenant membership to the transferee.

With regard to any Unit owned of record by more than one person, including a husband and wife, the Member entitled to vote shall be the Owner as shall be designated by the record owners to the Association in writing. Until such time as the Association receives such designation, the Member entitled to vote shall be the owner of record as designated by the Board of Directors. Only one membership shall be issued for a Unit and the total number of voting Members shall be 103.

ARTICLE II. MEETINGS OF MEMBERS

PLACE OF MEETINGS

Section 2.01. All meetings of the Members shall be held at a place designated by the Board. This meeting place shall be within the Development or as close to it as possible. If no meeting place is designated, the meetings shall be held at the principal office of the Association. No meeting of the Members shall, unless unusual conditions exist, be held outside of Monterey County, California.

ANNUAL MEETINGS

Section 2.02. Annual meetings shall be held on the first Saturday of October at 10:00 a.m.

SPECIAL MEETINGS

Section 2.03. Special meetings of the Members may be called for any lawful purpose by a majority of a quorum of the Board, the President of the Association, or by a written request signed by Members representing at least five percent (5%) of the total voting power of the Association. The special meeting shall be held not less than thirty-five (35) nor more than ninety (90) days after adoption of the resolution or receipt of the request. Only that business stated in the notice of meeting given pursuant to Section 2.04 of these Bylaws shall be transacted at the special meeting.

NOTICE OF MEETINGS

Section 2.04. The Secretary of the Association shall give written notice of any Members' meeting to each Member of record. In the case of the annual meeting or any regular meeting of the Member, the notice shall be given at least ten (10) but not more than ninety (90) days before the meeting, by first-class mail. The notice shall be addressed to the Member at the address appearing on the books of the Association, or the address supplied by the Member to the Association for this purpose. If there is no such address, notice shall be given at the principal office of the Association or by publication at least once in a newspaper of general circulation in the county in which the principal office is located. The notice shall state the place, date, and time of the meeting. If Directors are to be elected at the meeting, the notice shall include the names of all those who are nominees at the time the notice is given. In the case of an annual meeting, the notice shall also state those matters that the Board, at the time the notice is given, intends to present for action by the Members. Notice of special meetings of the Members shall

be given in accordance with Section 2.03.

WAIVER OF NOTICE OR CONSENT OF ABSENTEES

Section 2.05. The transactions of any meeting of Members, however called and noticed, shall be as valid as though taken at a duly called, noticed, and held meeting, if: (1) a quorum is present either in person or by proxy; and (2) 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 the meeting, or an approval of the Minutes of the meeting. Any such waiver, consent or approval shall be filed with the corporate records or made a part of the Minutes of the Meeting.

VOTING RIGHTS

Section 2.06. The voting of membership provision set forth in Section 3.03 of the Declaration is hereby incorporated by reference.

RECORD DATE OF MEMBERSHIP

Section 2.07. The Board shall fix, in advance, a record date or dates for the purpose of determining the Members entitled to notice of and to vote at any meeting of Members. The Board may also fix, in advance, a record date for the purpose of determining the Members entitled to exercise any rights in connection with any other action. Any such date shall not be more than sixty (60) days prior to the action.

QUORUM

Section 2.08. At any meeting, the presence either in person or by proxy of Members entitled to cast at least fifty-one percent (51%) of a quorum for any action except as otherwise provided in the Articles, Bylaws, or this Declaration. 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 the action taken, other than adjournment, is approved by at least a majority of Members required to constitute a quorum. If, at a meeting duly called, a quorum is not present, the Members present may adjourn the meeting to a date and time certain, and at such date and time, the quorum necessary to conduct business shall be thirty-three percent (33%) of the Members entitled to vote.

PROXIES

Section 2.09. At any meeting of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his or her lot, or upon receipt of notice by the Secretary of the death or judicially declared incompetence of the Member. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise specifically provided in the proxy. The maximum term of any proxy shall be three years from the date of its execution.

ACTION TAKEN WITHOUT A MEETING

Section 2.10. Any action that may be taken at a meeting of the Members, except for the election of Directors, may be taken without a meeting provided the following ballot requirements are satisfied:

(a) The Corporation shall distribute a written ballot to every Member entitled to vote on the matter. The ballot shall be solicited in the same manner as provided in Section 2.04 of these Bylaws for the giving of notice of meetings of Members.

(b) The ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposed action, advise the person solicited that his vote will be cast in accordance with the choice specified on the ballot, provide a reasonable time within which to return the ballot, indicate the number of responses needed to meet the quorum requirement, and state the percentage of approvals necessary to pass the proposed action as required by California Corporations Code § 7514.

(c) The proposed action shall be considered approved if:

(1) The number of votes cast by ballot within the specified time period equals or exceeds the quorum required to be present at a meeting authorizing the action; and

(2) The number of approvals equals or exceeds the number of votes that would be required for approval at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

(d) No written ballot shall be revoked.

APPROVAL BY MEMBERS REQUIRED BY STATUTE

Section 2.11. Any approval by the Members of the following proposals, other than unanimous approval by those entitled to vote, shall be valid only if the general nature of the approved proposal was stated in the notice of meeting or any waiver of notice of meeting:

(a) Removing a director without cause pursuant to Section 7222 of the California Corporations Code;

(b) Filling vacancies on the Board pursuant to Section 7224 of the California Corporations Code;

(c) Entering into or approving a contract or transaction between the Association and one or more of the Directors, or between the Association and any entity in which one or more of the Directors has a material financial interest, pursuant to Section 7233 of the California Corporations Code;

- (d) Amending the Articles pursuant to Section 7812 of the California Corporations Code;
- (e) Electing to dissolve the Association pursuant to Section 8610 of the California Corporations Code; or
- (f) Approving a plan of distribution in connection with the dissolution of the Association pursuant to Section 8719 of the California Corporations Code.

ARTICLE III. BOARD OF DIRECTORS

NUMBER

Section 3.01. The affairs of this Association shall be managed and its duties and obligations performed by an elected Board of Directors, consisting of seven (7) persons who shall be Members of the Association.

NOMINATION

Section 3.02. Nominations for election to the Board of Directors may be made by any of the following:

(a) A nominating committee appointed by the Board of Directors at least ninety (90) days prior to an annual meeting of Members, provided the Board receives the committee's nomination or nominations at least thirty (30) days prior to the annual meeting of Members.

(b) A written petition signed within eleven (11) months preceding the annual meeting by Members representing ten (10) percent of the "voting power" of the Association as that term is defined in the Nonprofit Mutual Benefit Corporation Law of the State of California. The petition shall identify the nominee, contain that person's written consent to serve as a Director, and be delivered to the Secretary of the Association at least thirty (30) days prior to the annual meeting.

(c) Any Member who is present in person, or by proxy at the annual meeting of the Members at which the Director is to be elected.

ELECTION

Section 3.03. Voting for Directors shall be by secret written ballot. At the first annual meeting of the Association, the Members shall fill, by election, all positions on the Board of Directors. Subsequent elections shall also be held at the annual meetings. However, if an annual meeting is not held or does not include an election, the election may be held at a special meeting of Members called for that purpose. At an election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of these Bylaws. The persons receiving the highest number of votes shall be elected.

TERM

Section 3.04. Each Director shall hold office until the election of his or her successor or until the Director's death, removal, or judicial adjudication of mental incompetence.

A Director shall be elected to serve a term of two (2) years. In odd-numbered years, four (4) Directors shall be elected and in even-numbered years three (3) Directors shall be elected.

The term of office of each Director elected to fill a vacancy created by the expiration of the term of office of the preceding Director shall be the same length as his or her predecessor's term. The term of office of any Director elected or appointed to fill a vacancy created by any event other than the expiration of the predecessor Director's term shall be the balance of the unserved term of the predecessor.

REMOVAL OF DIRECTORS

Section 3.05. Directors may be removed as follows:

(a) The Board may declare vacant the office of a Director on the occurrence of any of the following events:

- (1) The Director has been declared of unsound mind by a final order of the Court;
- (2) The Director has been convicted of a felony.
- (3) The Director has missed at least three Board meetings within a calendar year.

(b) One or more Directors may be removed prior to the expiration of their terms, without cause, at an annual or special meeting of the Members. Any removal without cause shall be approved by the vote of Members representing a majority of a quorum of Members if the Development consists of fifty (50) or more Lots. Notwithstanding the foregoing, unless the entire Board is removed from office by the vote of the Members, an individual Director shall not be removed prior to the expiration of his or her term of office if the number of votes cast against the removal, or not consenting in writing to the removal, would be sufficient to elect the Director if voted cumulatively at an election at which the same total number of votes were cast (or, if the action is taken by written ballot, all memberships entitled to vote were voted) and the entire number of Directors authorized at the time of the Director's most recent election were then being elected.

VACANCIES

Section 3.06. Any vacancy on the Board caused by the death or resignation of a Director shall be filled by the remaining Directors. The successor shall serve for the unexpired term of his or her predecessor. The Board shall not fill a vacancy on the Board created by the removal of a Director, except with the vote or written assent of a majority of the Members.

COMPENSATION

Section 3.07. A Director shall not receive any compensation for any service he or she may render to the Association; provided, however, that a Director may be reimbursed for actual out-of-pocket expenses incurred by the Director in the performance of his or her duties.

POWERS AND DUTIES

Section 3.08. The Board's powers and duties shall include, but shall not be limited to the following:

(a) Enforcement of the applicable provisions of this Declaration, the Articles, Bylaws, and any other instruments governing the ownership, management, and control of the Development.

(b) Payment of taxes and assessments that are, or could become, a lien on all or a portion of the Common Area.

(c) Contracting for casualty, liability, and other insurance on behalf of the Association.

(d) Contracting for goods and services for the Common Area, facilities, and interests of the Association, subject to the limitations set forth in Section 3.09 (a) of these Bylaws.

(e) Delegation of its powers to any committees, Officers, or employees of the Association expressly authorized by the Governing Instruments.

(f) Preparation of budgets and financial statements for the Association as prescribed in the Governing Documents.

(g) Formulating Rules and Regulations for the use and operation of the Common Area and facilities owned or controlled by the Association.

(h) Initiating and executing of disciplinary proceedings against Members for violations of provisions of the Governing Documents in accordance with procedures set forth in the Governing Documents.

(i) Entering any Lot or improvement on a Lot to perform necessary construction, maintenance, or emergency repair work for the benefit of the Common Area or the Members in the aggregate.

(j) Electing the Officers of the Association.

(k) Filling vacancies on the Board of Directors, except for a vacancy created by the removal of a Director.

(l) Reviewing the following on at least a quarterly basis:

- (1) A current reconciliation of the operating accounts of the Association.
 - (2) A current reconciliation of the reserve accounts of the Association.
 - (3) The actual reserve revenues and expenses for the current year compared with the budget for the current year.
 - (4) The most current account statements prepared by the financial institution where the Association has its operating and reserve accounts.
 - (5) An income and expense statement for the operating and reserve accounts of the Association.
- (m) Authorizing the withdrawal of monies from the Association's reserve accounts, on the signatures of two Directors or one Director and one Officer who is not a Director.

LIMITATIONS ON POWERS

Section 3.09. Notwithstanding the provisions of Section 3.08, the Board shall be prohibited from taking any of the following actions without the approval of a majority of total voting power of the Association:

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

- (1) A management contract approved by the Federal Housing Administration or Veterans Administration.
- (2) A contract with a public utility if the rates charged are regulated by the Public Utilities Commission, provided that the term shall not exceed the shortest term for which the utility will contract at the regulated rate;
- (3) Prepaid casualty and/or liability insurance of not more than (three) 3 years duration, provided that the policy provides for short-rate cancellation by the insured;
- (4) Lease agreements for laundry room fixtures and equipment of not more than 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; and

(6) Agreements for the sale or lease of burglar alarm and fire alarm equipment, installation, and services for a term of up to five (5) years, 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.

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

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

(d) Paying compensation to Directors or to Officers of the Association for services rendered in the conduct of the Association's business; provided, however, that the Board may reimburse a Director or Officer 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.

ARTICLE IV. MEETINGS OF DIRECTORS

REGULAR MEETINGS

Section 4.01. Regular meetings of the Board of Directors shall be held monthly at a time and place within the Development fixed by resolution of the Board. Notice of the time and place of the meeting shall be posted at a prominent place or places within the Common Area and shall be communicated to the Directors not less than three (3) days nor more than fifteen (15) days prior to the meeting; provided, however, that notice need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.

SPECIAL MEETINGS

Section 4.02. Special meetings of the Board shall be held when called by written notice signed by the President of the Association or by any two 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. Notice of any special meeting must be given to each Director not less than three (3) days nor more than fifteen (15) days prior to the date fixed for the meeting; provided, however, that notice need not be given to any Director who has signed a waiver of notice of a written consent to holding of the meeting. A copy of the notice shall also be posted in a prominent place or places in the Common Area of the Development.

QUORUM

Section 4.03. A majority of the Board shall constitute a quorum and, if a quorum is present, the decision of a majority of the Directors present shall be the act of the Board.

OPEN MEETINGS

Section 4.04. Regular and special meetings of the Board shall be open to all Members of the Association; provided, however, that Association Members who are not on the Board may not participate in any deliberation or discussion unless expressly authorized to do so by the vote of a majority of a quorum of the Board; provided, however, the Board shall provide for a period of time for Members to address the Board subject to the right of the Board to set a reasonable time limit.

EXECUTIVE SESSION

Section 4.05. The Board may, with the approval 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 Association is or may become involved, and other business of a similar nature allowed by applicable law. The nature of any and all business to be considered in executive session shall first be announced in open session. All executive sessions shall be conducted in accordance with California Civil Code Section 1363.05.

ADJOURNMENT

Section 4.06. A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of the adjournment shall be given prior to the time of the adjourned meeting, to the Directors who were not present at the time of the adjournment.

ACTION TAKEN WITHOUT A MEETING

Section 4.07. The Board may take actions without a meeting if all of the Directors consent in writing to the action to be taken. If the Board resolves by unanimous written consent to take action, an explanation of the action taken shall be posted at a prominent place or places within the Common Area within three (3) days after the written consents of all Directors have been obtained.

ARTICLE V. OFFICERS

ENUMERATION OF OFFICERS

Section 5.01. The Officers of this Association shall be a President, a Vice President, a Secretary, and a Chief Financial Officer. The Board may appoint additional officers pursuant to Article X of these Bylaws. Any number of offices may be held by the same person.

APPOINTMENT AND TERM

Section 5.02. The Offices of this Association, except those Officers appointed in accordance with Article X of these Bylaws, shall be elected annually by the Board. Any vacancies shall be

filled by the Board at any time, not necessarily on an annual basis, that it deems proper. Each Officer shall hold his or her office at the pleasure of the Board.

RESIGNATION AND REMOVAL

Section 5.03. The Board may remove any Officer from office either with or without cause. Any Officer may resign at any time by giving written notice to the Board, the President, or the Secretary. The resignation shall take effect at the date of receipt of the notice or at any later time specified in the notice. Unless otherwise specified in the notice, acceptance of the resignation by the Board shall not be necessary to make it effective.

COMPENSATION

Section 5.04. An Officer shall not receive any compensation for any service he or she may render to the Association; provided, however, that an Officer may be reimbursed for actual out-of-pocket expenses incurred by the Officer in the performance of his or her duties.

ARTICLE VI. PRESIDENT

ELECTION

Section 6.01. At the first meeting of the Board immediately following the first annual meeting of the Members, the Board shall elect one of its Members to act as President.

DUTIES

Section 6.02. The President shall:

- (a) Preside over all meetings of the Members and of the Board.
- (b) Sign as President all deeds, contracts, and other written instruments that have been approved by the Board, unless the Board, by duly adopted resolution, authorizes the signature of a lesser Officer.
- (c) Call meetings of the Board whenever he or she deems it necessary, in accordance with any rules and notice requirements imposed by the Board and the Governing Documents. The Notice period shall not be less than three (3) days except in case of emergencies.
- (d) Have, subject to the advice of the Board, general supervision, direction, and control of the affairs of the Association.
- (e) Discharge any other duties required of him or her by the Board.

ARTICLE VII. VICE PRESIDENT

ELECTION

Section 7.01. At the meeting of the Board immediately following the first annual meeting of the Members, the Board shall elect one of its Members to act as Vice President.

DUTIES

Section 7.02. The Vice President shall:

(a) Act in the place and in the stead of the President in the event of his or her absence, inability, or refusal to act; and

(b) Exercise and discharge any other duties required of him or her by the Board. In connection with any such additional duties, the Vice President shall be responsible to the President.

ARTICLE VIII. SECRETARY

ELECTION

Section 8.01. At the first meeting of the Board immediately following the first annual meeting of the Members, the Board shall elect one of its Members to act as Secretary.

DUTIES

Section 8.02. The Secretary shall cause the following to be done:

- (a) Keep a record of all meetings and proceedings of the Board and of the Members;
- (b) Keep the seal of the Association, if any, and affix it on all papers requiring the seal;
- (c) Serve all required notices of meetings of the Board and the Members;
- (d) Keep current records showing the names and addresses of all Members; and

(e) Sign as Secretary all deeds, contracts, and other written instruments that have been approved by the Board, if the instruments require a second Association signature and the Board has not passed a resolution authorizing another Officer to sign in the place and stead of the Secretary.

ARTICLE IX. CHIEF FINANCIAL OFFICER

ELECTION

Section 9.01. At the first meeting of the Board immediately following the first annual meeting of the Members, the Board shall elect one of its Members to act as Chief Financial Officer.

DUTIES

Section 9.02. The Chief Financial Officer shall cause the following to be done:

- (a) Receive and deposit all of the funds of the Association in any bank or banks selected by the Board;
- (b) Be responsible for and supervise the maintenance of books and records to account for Association funds in the manner specified by the Board; and
- (c) Disburse and withdraw Association funds in the manner specified by the Board; and,
- (d) Prepare and distribute the financial statements for the Association required by the Declaration.

ARTICLE X. SUBORDINATE OFFICERS

APPOINTMENT

Section 10.01. The Board may appoint, at any time, any subordinate Officers that the Association may require.

DUTIES

Section 10.02. The Board shall prescribe the term of office, authority, and duties of subordinate Officers. These duties may include the right to act in the place and stead of any Officer other than the President.

ARTICLE XI. COMMITTEES

APPOINTMENT

Section 11.01. The Board of Directors shall appoint all committees and name the chairman of each. Committee decisions are subject to approval by the Board of Directors. All Committee Members shall serve at the pleasure of the Board.

FINANCE AND BUDGET COMMITTEE

Section 11.02. This committee shall consist of not less than three (3) Members, including the

Chief Financial Office of the Association who shall be chairman. The Committee shall maintain close watchfulness over the current and projected future financial status of the Association; it shall assist the Board of Directors in the preparation of the annual budget, in the fixing of regular and special assessments, and in making studies of proposed expenditures for extraordinary maintenance and/or capital improvements; and it shall make such recommendations to the Board of Directors covering these and like matters as may from time to time be deemed appropriate.

ARCHITECTURAL COMMITTEE

Section 11.03. The Architectural Committee shall consist of not less than three (3) Members and shall be appointed as designated in the Declaration which shall be controlling. The Grounds Committee shall be a sub-committee of the Architectural Committee and shall consist of not less than three (3) Members and shall perform such duties of study and recommendation as may be assigned by the Architectural Committee relative to maintenance and alteration of the grounds and landscaping subject to the jurisdiction of the Association. The Grounds Committee shall ensure that all maintenance and alterations of the Common Area shall be done in conformity with the adopted landscape master plan.

NOMINATING COMMITTEE

Section 11.04. The Nominating Committee shall consist of not less than three (3) Members of the Association and shall make whatever recommendations are requested by the Board with respect to candidates for the Board of Directors and other Committees and sub-committees.

OTHER COMMITTEES

Section 11.05. The President or the Board of Directors may appoint such other or additional committees as may be necessary or appropriate from time to time to carry out the purposes of the Association.

ARTICLE XII. FEES AND ASSESSMENTS

REGULAR AND SPECIAL ASSESSMENTS

Section 12.01. The Association shall levy regular and special assessments sufficient to perform its obligations under these Bylaws and pursuant to California Civil Code Section 1366.

EXCESSIVE ASSESSMENTS

Section 12.02. The Association shall not impose or collect an assessment, penalty, or fee that exceeds the amount necessary for the purpose or purposes for which it is levied.

LIENS FOR ASSESSMENTS

Section 12.03. The amount of an assessment plus any costs of collection, late charges, and

interest assessed by the Board may be made a lien on a Member's interest in the common interest development pursuant to the provisions of California Civil Code Section 1367.

ARTICLE XIII. BOOKS AND RECORDS

REQUIRED BOOKS AND RECORDS

Section 13.01. The Association shall maintain at its principal office:

- (a) Copies of the Governing Documents as last amended;
- (b) Adequate and correct books and records of account;
- (c) Written minutes of the proceedings of its Members, of its Board, and of committees of its Board; and
- (d) A Membership Register containing the following information about each Member: name, mailing address, telephone number, and class of Membership.

INSPECTION RIGHTS

Section 13.02. The books and records referred to in Section 13.01 shall be made available for inspection as follows:

- (a) Any Member shall have the right to inspect the above books and records and copy them at any reasonable time during office hours. This right is subject to the power of the Board to set reasonable times for inspection, notice requirements, and fees to cover the cost of making copies of the documents requested by a Member.
- (b) Every Director shall have the absolute right to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association at any reasonable time. The right of inspection by a Director includes the right to make extracts and copies of documents.

ARTICLE XIV. NONLIABILITY AND INDEMNIFICATION

DEFINITION OF AGENT

Section 14.01. For purposes of this Article, "Agent" means any present or former Director of Officer or any other employee or agent of the Association.

NONLIABILITY

Section 14.02. Except as provided by law, no right, power, or responsibility conferred on the Board or the Architectural Committee by the Governing Instruments shall be construed as a duty, obligation, or disability charged upon any Agent. No Agent shall be liable to any party (other

than the Association or a party claiming in the name of the Association) for injuries or damage resulting from the Agent's acts or omissions within what the Agent reasonably believed to be the scope of his or her Association duties ("Official Acts"), except to the extent that the injuries or damage result from the Agent's willful or malicious misconduct. No Agent shall be liable to the Association (or to any party claiming in the name of the Association) for injuries or damage resulting from the Agent's Official Acts, except to the extent that the injuries or damage result from the Agent's negligence or willful or malicious misconduct.

INDEMNIFICATION

Section 14.03. The Association shall pay all expenses actually and reasonably incurred by, and satisfy any judgment or fine levied against, any Agent as a result of any action or threatened action against the Agent, to impose liability on the Agent for his or her Official Acts, provided that:

(a) The Board determines that the Agent acted in good faith and in a manner the Agent reasonably believed to be in the best interests of the Association;

(b) In the case of a criminal proceeding, the Board determines that the Agent had no reasonable cause to believe his or her conduct was unlawful; and,

(c) In the case of an action or threatened action by or in the right of the Association, the Board determines that the Agent acted with the care (including reasonable inquiry) that an ordinarily prudent person in a like position would use under similar circumstances.

PAYMENTS

Section 14.05. Payments made pursuant to this Article shall include amounts paid and expenses incurred in settling the action or threatened action. This Article shall be construed to authorize payment and indemnification to the fullest extent now or hereafter permitted by applicable law.

INSURANCE

Section 14.06. The Association may purchase and maintain insurance on behalf of its Agents to the extent and under the circumstances provided in the Declaration.

ARTICLE XV. AMENDMENTS

AMENDMENT OF BYLAWS

Section 15.01. These Bylaws may be amended by the vote or written consent of fifty-one percent (51%) of a quorum of Members. In the alternative, these Bylaws may be amended by the Board so long as the Board action does not materially and adversely affect the rights of Members as to voting, dissolution, redemption, or transfer rights; increase or decrease the number of Members; affect an exchange, reclassification or cancellation of all or part of the membership; or authorize a new class of membership.

ARTICLE XVI. TAX-EXEMPT STATUS

TAX-EXEMPT STATUS

Section 16.01. The Board and Members of the Association shall conduct the business of the Association in such a manner that the Association shall qualify and be considered an organization exempt from federal and state income taxes pursuant to applicable state and federal statutes, rules and regulations.

FILING

Section 16.02. The Board shall file or have filed any annual election for tax-exempt status that is required under federal or state law, and shall cause the Association to comply with the federal and state statutes, rules and regulations pertaining to those exemptions.

**CERTIFICATE OF CHIEF FINANCIAL OFFICER
OF**

**CREEKSIDE PROPERTY OWNERS' ASSOCIATION
A California Nonprofit Mutual
Benefit Corporation**

I hereby certify that I am the duly elected and acting Chief Financial Officer of the above Corporation and that the foregoing Bylaws constitute the Bylaws of the Corporation as duly adopted at a meeting of the Board of Directors held on October 29, 2002.

Dated: November 6, 2002



Chief Financial Officer