

BY-LAWS OF
THE OLIVEWOOD I PROFESSIONAL CENTER
OWNERS' ASSOCIATION,
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION

ARTICLE I

DEFINITIONS

Section 1. ASSOCIATION shall mean The Olivewood I Professional Center Owners' Association.

Section 2. DECLARATION OF RESTRICTIONS shall mean the Declaration of Restrictions for The Olivewood I Professional Center, recorded in Book _____ of Maps, at Page _____, Official Records of Merced County, California, as amended from time to time.

Section 3. INSTITUTIONAL HOLDER shall mean a mortgagee which is a bank or savings and loan association or established mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency.

Section 4. All other terms shall have the meanings given them in the Declaration of Restrictions or Articles of Incorporation unless another meaning is required by context or express provisions to the contrary contained herein.

ARTICLE II

MEMBERSHIP

Section 1. The qualifications and requirements of membership and voting rights incidental thereto are as set forth in the Declaration of Restrictions.

ARTICLE III

OFFICES

Section 1. PRINCIPAL OFFICE. The principal office for the transaction of the business of the Association shall be located at a place within the subdivision designated by the

Board. The Board of Directors is hereby granted full power and authority to change the location of said principal office to any place within the greater Merced County area.

Section 2. OTHER OFFICES. Branch of subordinate offices may at any time be established by the Board of Directors at any place or places where the Association is qualified to do business.

ARTICLE IV

MEETING OF MEMBERS

Section 1. FIRST ANNUAL MEETING. The first annual meeting of the members shall be held within forty-five (45) days of the date on which sales of at least fifty-one percent (51%) of the condominiums in the subdivision have closed, but in any event the first annual meeting shall be held within one (1) year after the closing of the first sale of a condominium in the subdivision.

Section 2. PLACE OF MEETINGS. All annual meetings of members shall be held either at the subdivision or at a meeting place as close thereto as possible within the County of Merced, State of California, designated either by the Board of Directors, pursuant to authority hereinafter granted to said Board, or written consent of all members entitled to vote thereat, given either before or after the meeting and filed with the secretary of the Association.

Section 3. ANNUAL MEETINGS. The second and all subsequent annual meetings of members shall be held on the date designated from time to time by the Board of Directors. Provided, however, that not more than twelve (12) months shall elapse between such meetings. If said date should fall upon a legal holiday, then any such annual meeting of members shall be held at the same time and place on the next day thereafter ensuing which is not a legal holiday. At such meetings, directors shall be elected, reports of the affairs of the Association shall be considered and any other business within the power of the members may be transacted.

Written notice of each annual meeting shall be given to each member entitled to vote thereat, either personally or

by mail or other means of written communication, charges prepaid, addressed to such member at his address as the same appears on the books of the Association or as given by him to the Association for the purpose of notice. If a member gives no address, notice shall be deemed to have been given him if sent by mail or other means of written communication directly to the address of the lot within the project of which he is the owner or if published at least once in some newspaper of general circulation in the County of Merced, State of California. All such notices shall be sent to each member entitled thereto, and publication if any shall be made not less than twenty (20) days nor more than ninety (90) days before each annual meeting, and shall specify the place, the day and the hour of such meetings, and shall also state the general nature of the business or proposals to be considered or acted upon at such meeting before action may be taken at such meeting subject to the requirements of Subdivision (f) of Section 7511 of the California Corporations Code.

Section 4. SPECIAL MEETINGS. Special meetings of the members for any purpose or purposes whatsoever shall be called by the governing body (1) by the President or Chairman of the Board of the corporation; (2) upon the vote for such meeting by a majority of a quorum of the Board of Directors; or (3) upon receipt of written request therefor signed by members representing not less than 5% of the total voting power of the Association. Except in special cases where other express provision is made by statute, notice of such special meetings shall be given in the same manner as for annual meetings of members. Notice of any special meeting shall specify, in addition to the place, day and hour of such meeting, the general nature of the business to be transacted.

Section 5. ADJOURNED MEETINGS AND NOTICES THEREOF. Any members' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by vote of members entitled to cast a majority of the total votes, whether such members be present in person or represented by proxy thereat, but in absence of a quorum no other business may be transacted at any such meeting. An adjournment for lack of a quorum shall be to a date not less than five (5) days nor more than thirty (30) days from the original meeting date.

When any members' meeting, either annual or special, is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting, other than by announcement at the meeting at which adjournment is taken.

Section 6. VOTING. At all meetings of members, every member entitled to vote shall have the right to vote in person or by proxy the number of votes as determined pursuant to the provisions of the Declaration of Restrictions. Such vote shall be by secret ballot in the case of the election of the directors but may be by viva voce as to all other matters. Subject to the provisions of the Declaration of Restrictions, every member entitled to vote at any election for directors shall have the right to cumulate his votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which he is entitled or to distribute his votes on the same principle among as many candidates as he shall think fit. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected.

Section 7. QUORUM. The presence in person or by proxy of the members entitled to cast a majority of the votes that may be voted at any meeting shall constitute a quorum for the transaction of business. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum, if any action taken is approved by a majority of members required to constitute a quorum. In the absence of a quorum at the time and date fixed for the meeting sufficient to convene the meeting, the members present in person or by proxy may, by vote of a majority of votes represented by members so present, change the date of the meeting to a date not less than five (5) and not more than thirty (30) days thereafter. 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 members in the manner prescribed for regular meetings.

tions as to actions to be authorized or approved by the members, and subject to the duties of directors as prescribed by the By-Laws and the Declaration of Restrictions, all Association powers shall be exercised by or under the authority of, and the business and affairs of the Association shall be controlled by the Board of Directors. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the directors shall have the following powers, to wit:

First: To select and remove all the other officers, agents and employees of the Association, prescribe such powers and duties for them as may not be inconsistent with law, the Articles of Incorporation, the By-Laws or the Declaration of Restrictions, fix their compensation and require from them security for faithful service;

Second: To conduct, manage and control the affairs and business of the Association and to make such rules and regulations therefor not inconsistent with law, the Articles of Incorporation, or the By-Laws or the Declaration of Restrictions, as they may deem best;

Third: To change the principal office for the transaction of the business of the Association from one location to another within the same county as provided in Article III, Section 1 hereof; to fix and locate from time to time one or more subsidiary offices of the Association as provided in Article III, Section 2, hereof; to designate any place within a 10-mile radius of the subdivision, for the holding of any members' meeting or meetings; and to adopt, make and use a corporate seal, and to adopt and prescribe the form of membership certificates, and to alter the form of such seal and of any such certificates from time to time, as in their judgment they may deem best; provided such seal and any such certificates shall at all times comply with the provisions of law.

Fourth: To borrow money and incur indebtedness for the purposes of the Association, and to cause to be executed and delivered therefor, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor;

Fifth: To appoint a Manager or Executive Committee and other committees, and to delegate to the Manager or Executive Committee any of the powers and authority of the Board in the management of the business and affairs of the Association, except:

- (1) The filing of vacancies on the Board or in any committee;
- (2) The fixing of compensation of the directors for serving on the Board or on any committee;
- (3) The amendment or repeal of the By-Laws or the adoption of new By-Laws;
- (4) The amendment or repeal of any resolution of the Board which by its express terms is not so amenable or repealable; and
- (5) The appointment of committees of the Board or members thereof.

The Executive Committee, if one is formed, shall be composed of two or more directors.

Section 2. NUMBER AND QUALIFICATION OF DIRECTORS.
The authorized number of directors of the corporation shall be five (5) until changed by amending this Section 2, duly adopted by the vote or written assents of the members entitled to exercise a majority of the voting power of the Association, and if it is proposed to reduce the authorized number of directors below five (5) the vote or written assents of the members holding more than eighty-three and one-third percent (83-1/3%) of the voting power shall be required for such reduction. Directors must be members of the Association, provided, however, that until the first annual meeting of members, directors need not be members of the Association.

Section 3. ELECTION AND TERM OF OFFICE. The directors shall be elected at each annual meeting of members, but if any such 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 respective successors are elected. The

Section 5. PLACE OF MEETING. Regular meetings of the Board of Directors shall be held at any place within the subdivision, which has been designated from time to time by resolution of the Board or by written consent of all members of the Board. Special meetings of the Board may be held at a place so designated.

Section 6. ORGANIZATION MEETING. Immediately following each annual meeting of the members and immediately following each special meeting of the members at which members of the Board of Directors are elected or re-elected the Board of Directors shall hold a regular meeting for the purpose of organization, election of officers and the transaction of other business. Notice of such meeting is hereby waived.

Section 7. INSPECTION OF RECORDS 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 the documents.

Section 8. MEETINGS.

(a) Regular meetings of the Board shall be held without call every six (6) months commencing on the second Wednesday in March of each calendar year and thereafter on the second Wednesday in September of each calendar year at 10:00 A.M. at a place within the Project fixed by the Directors from time to time. If either of said days shall fall on a legal holiday, then said meetings shall be held at the same time on the next day thereafter ensuing which is not a legal holiday.

(b) Special meetings of the Board of Directors for any purpose or purposes may be called at any time by any two directors, by the president or, if he is absent or unable or refuses to act, by a vice-president.

Written notice of the time and place and nature of special meetings shall be delivered personally to the directors or sent to each director by mail or other form of written communication, charges prepaid, addressed to him at his address as it is shown upon the records of the Association, or if it is

not so shown on such records or is not readily ascertainable, at the place at which the meetings of the directors are regularly held. In case such notice is personally delivered, it shall be so delivered at least seven (7) days prior to the time of the holding of the meeting. In case such notice is mailed or telegraphed, it shall be deposited in the United States mail or delivered to the telegraph company in the place in which the principal office of the Association is located at least eight (8) days prior to the time of the holding of the meeting. Such mailing, telegraphing or delivery as above provided shall be due, legal and personal notice to such director.

(c) Notice of all regular and special meetings of the Board of Directors, except for the organizational meeting provided for in Section 6, shall be given to the members of the Association by posting notice at a prominent place in the common area of the subdivision, at least four (4) days before the scheduled time of the meeting.

(d) Members of the Board may participate in a meeting through the use of conference telephones or similar communications equipment, so long as all members participating in such a meeting can hear one another. Such participation in a meeting shall constitute presence in person at such meeting. Provided, however, that any action by the Board of Directors taken pursuant to the provisions of this Section relating to telephonic participation shall be an explanation of the action taken shall be posted at a prominent place within the common area within three (3) days of such action.

(e) Regular and special meetings of the Board of Directors shall be open to all members of the Association, provided, however, that Association members who are not directors may not participate in any deliberation, discussion or vote unless expressly authorized by a duly adopted resolution of the Board.

(f) The Board of Directors, by a duly adopted resolution, may adjourn any meeting of the Board of Directors and reconvene in executive session to discuss and vote upon the following matters: (i) personnel matters; (ii) litigation in which the Association is or may become involved; and (iii) other business requiring confidential discussion to protect the interests of the Association or its members. The Board of Di-

rectors shall announce in open session the nature of the matters to be discussed in executive session before convening an executive session.

Section 9. NOTICE OF ADJOURNMENT. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place be fixed at the meeting adjourned.

Section 10. WAIVER OF NOTICE. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum be present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. Provided, however, that nothing contained in this Section shall preclude any member present at a meeting, either annual or special, from challenging the validity of said meeting due to improper notification.

Section 11. QUORUM. A majority of the authorized number of directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Provided, however, that at 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, unless a greater number be required by the Articles of Incorporation or by the Declaration of Restrictions. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, unless a greater number be required by law, by the Articles of Incorporation or by the Declaration of Restrictions.

Section 12. ADJOURNMENT. A quorum of the directors may adjourn any directors' meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the directors present at any directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 13. FEES AND COMPENSATION. Directors shall not receive any compensation for their services as directors, unless compensation is allowed by a resolution adopted by the vote or written consent of a majority of the members holding Class A voting power, other than the subdivider, as defined in the Declaration of Restrictions. Nothing herein contained shall be construed to preclude the Board of Directors from providing for the reimbursement of a director's expense incurred in performing his duties for the Association to preclude any director from serving the Association in any other capacity as an agent, employee or otherwise, and receiving compensation therefor.

Section 14. ACTION WITHOUT MEETING. Any action by the Board of Directors may be taken without a meeting if all members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board and an explanation of the action taken shall be posted at a prominent place within the common area within three (3) days after the written consents of the members of the Board have been obtained. Such action by written consent shall have the same form and effect as a unanimous vote of such directors.

ARTICLE VI

OFFICERS

Section 1. OFFICERS. The officers of the Association shall be a president, a vice-president, a secretary and a treasurer. The Association may also have, at the discretion of the Board of Directors, such other officers as may be appointed in accordance with the provisions of Section 3 of this Article. Officers need not be directors. One person may hold two or more offices, except that one person may not hold the office of president and secretary.

Section 2. ELECTION. The officers of the Association, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article, shall be chosen annually by the Board of Directors, and each shall hold this office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

Section 3. SUBORDINATE OFFICERS, ETC. The Board of Directors may appoint such other officers as the business of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the By-Laws or as the Board of Directors may from time to time determine. Such subordinate officers need not be members of the Association or members of the Board.

Section 4. REMOVAL AND RESIGNATION. Any officer may be removed, either with or without cause, by a majority of the directors at the time in office, at any regular or special meeting of the Board or by an officer upon whom such power of removal may be conferred by the Board of Directors.

Any officer may resign at any time by giving written notice to the Board of Directors or to the president or to the secretary. Any such resignation shall take effect at the date of the 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 5. VACANCIES. A vacancy in any office because of death, removal, resignation, disqualification or any other cause shall be filled in the manner prescribed in the By-Laws for regular appointments to such office.

Section 6. PRESIDENT. The president shall be the chief executive officer of the Association and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the Association. He shall preside at all meetings of the members and at all meetings of the Board of Directors. He shall be ex officio a member of all the standing committees, including the Executive Committee, if any, and shall have such other powers and duties as may be prescribed by the Board of Directors, the Declaration of Restrictions or the By-Laws.

Section 7. VICE-PRESIDENT. In the absence or disability of the president, the vice-president shall perform all the duties of the president, and when so acting shall have all the powers of and be subject to all the restrictions upon the president. The vice-president shall have such other powers and perform such other duties as from time to time may be pre-

scribed by the Board of Directors, the Declaration of Restrictions or the By-Laws.

Section 8. SECRETARY. The secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the Board of Directors may order of all meetings of Directors and members, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at directors' meetings, the number of members' votes present or represented at members' meetings and proceedings thereof.

The secretary shall keep, or cause to be kept, at the principal office a membership register showing the names of the members and their addresses, the number and classes of voting rights by each, the number and date of membership certificates issued for the same, if any, the number or date of cancellation of every certificate surrendered for cancellation, and terminations of memberships and the date thereof.

The secretary shall give, or cause to be given, notice of all meetings of the members and of the Board of Directors required by law or by the By-Laws to be given, and he shall keep the seal of the Association in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the By-Laws.

Section 9. TREASURER. The treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains and losses. The books of account shall at all times be open to inspection by any director.

The treasurer shall deposit all moneys and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Association as may be ordered by the Board of Directors, shall render to the president and directors, whenever they request it, an account of all of his transactions as treasurer and of the financial condition of the Association and may have such other powers and perform

such other duties as may be prescribed by the Board of Directors or by the By-Laws.

Section 10. FEEES AND COMPENSATION. Officers shall not receive any compensation for their services as officers, unless compensation is allowed by a resolution adopted by the vote or written consent of a majority of the members other than the Subdivider. Nothing herein contained shall be construed to preclude the Board of Directors from providing for the reimbursement of an officer's expense incurred in performing his duties for the Association or to preclude any officer from serving the Association in any other capacity as an agent, employee or otherwise, and receiving compensation therefor.

ARTICLE VII

MISCELLANEOUS

Section 1. CONFLICTS. In the case of any conflict between the Articles and these By-Laws, the Articles shall control; and in the case of any conflict between these By-Laws and the Declaration of Restrictions, the Declaration of Restrictions shall control.

Section 2. SUSPENSION OF MEMBER'S RIGHTS. During such time as a member shall be in default in the performance of any obligation imposed by these By-Laws or the Declaration of Restrictions, including the payment of any regular or special assessment, said member shall, until such default is cured, have no right to vote or participate in meetings as a member of the association and shall further be precluded from the use and enjoyment of the Common Area and the other facilities located within the Project. Provided, however, that the Board shall adopt reasonable procedures to be followed by the Board in the suspension of the member's right under this Section. Said regulations shall require it be in conformance with California Corporations Code §7341 and require (i) at least fifteen (15) days' advance notice to be given to the accused member; (ii) that the member be entitled to appear before the Board and explain the reasons for his default or apparent default not less than five (5) days before the effective date of the suspension; and (iii) that any notices required under this Section be given by any method reasonably calculated to provide actual notice. All notices given by mail must be given by first class mail

sent to the address of the member shown on the association's records. Provided, further, that nothing contained in this section shall abrogate the right of the Association or an aggrieved member to bring an action for the recovery of damages, or injunctive relief or both as provided for in Article VI Section 13 of the Declaration of Restrictions.

Any action challenging a suspension, including any claim alleging defective notice, must be commenced within one year after the date of the suspension. In the event such an action is successful a court may order any relief, including reinstatement, it finds equitable under the circumstances, but no vote of the members or of the board may set aside solely because a member was at the time of the vote wrongfully suspended by virtue of the challenged suspension unless the court finds further that the wrongful suspension was in bad faith and for the purpose, and with the effect, of wrongfully excluding the member from the vote or from the meeting at which the vote took place so as to affect the outcome of the vote.

Section 3. INSPECTION OF CORPORATE RECORDS. The books of account and minutes of proceedings of the members and directors and other papers of the Association shall be open to inspection upon the written demand of any member at any reasonable time and for a purpose reasonably related to his interests as a member and shall be exhibited at any time when required by the demand of any member or his duly appointed representative. Such inspection may be made in person or by an agent or attorney and shall include the right to make extracts. Demand of inspection other than at a members' meeting shall be made in writing upon the president or secretary of the Association. With respect to the members' right of inspection the Board shall establish reasonable rules with respect to the following matters: notice to be given to the custodian of the records by members desiring to make the inspection, hours and days of the week when such an inspection may be made, payment of the cost of reproducing copies of documents requested by member. Copies of the rules promulgated by the Board pursuant to this Section shall be available to members upon request.

Section 4. CHECKS, DRAFTS, ETC. All checks, drafts, or other orders for payment of money, notes or other evidences of indebtedness issued in the name of or payable to the Association shall be signed or endorsed by such person or persons and

in such manner as from time to time shall be determined by resolution of the Board of Directors.

Section 5. CONTRACT, ETC., HOW EXECUTED. The Board of Directors, except as in the Declaration of Restrictions or By-Laws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit to render it liable for any purpose or in any amount.

Section 6. REPRESENTATION OR SHARES OF OTHER CORPORATIONS. The president or any vice-president and the secretary or assistant secretary of this Association are authorized to vote, represent and exercise on behalf of the Association all rights incident to any and all shares of any other corporation or corporations standing in the name of the Association. The authority herein granted to said officers may be exercised either by such officers in person or by any person authorized so to do by proxy or power of attorney duly executed by said officers.

Section 7. INSPECTION OF BY-LAWS. The Association shall keep in its principal office for the transaction of business the original or a copy of the By-Laws, as amended or otherwise altered to date, certified by the secretary, which shall be open to inspection by the members at all reasonable times during office hours.

ARTICLE VIII

AMENDMENTS

(a) New By-Laws may be adopted or these By-Laws may be amended or repealed by a vote or written assent of at least a majority of members.

Provided, however, that any of these By-Laws requiring action by a vote greater than that specified herein may not be amended or repealed without the vote or written consent of

members entitled to exercise that higher percentage of the voting power.

(b) If the two-class voting structure described in the Declaration of Restrictions shall still be in effect, these By-Laws may not be amended or repealed without the vote or written assent of a majority of the voting power of each class of membership.

CERTIFICATE OF SECRETARY

I, Thomas B. Balch, the undersigned, do hereby certify: -

(1) That I am the duly elected and acting Secretary of The Olivewood I Professional Center Owners' Association, a California non-profit mutual benefit corporation.

(2) That the foregoing By-Laws, comprising eighteen (18) pages, constitute the original By-Laws of said corporation as duly adopted at the first meeting of the Board of Directors thereof, duly held on March 7, 1983, and that said By-Laws have not been amended or revoked.

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of said corporation on this 7th day of March, 1983.

Thomas B. Balch

Secretary