



NEWPORT SHORES COMMUNITY ASSOCIATION, INC.

B Y L A W S

ARTICLE I

OFFICES

SECTION 1: PRINCIPAL OFFICE. The principal office for the transaction of the business of Newport Shores Community Association, herein called "Association," is hereby fixed and located at Newport Beach, California. The Board of Directors is hereby granted full power and authority to change said principal office from one location to another.

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

ARTICLE II

MEMBERS

SECTION 1: NUMBER OF MEMBERS. There shall be one member for each residential building lot in Tract 772, County of Orange, State of California. There shall be no classification of memberships in the Association.

SECTION 2: QUALIFICATIONS OF MEMBERS. Each member of the Association must be the owners of a leasehold interest in and to a building site or dwelling unit in said Tract 772, entitled to the possession of such building site or dwelling unit and approved for membership by the Board of Directors of this Association.

SECTION 3: JOINT OWNERSHIP OF LEASEHOLD INTEREST. In the the event that such leasehold interest is owned in joint tenancy or tenancy in common, all of such owners must be approved for membership by the Board of Directors. Such owners shall from time to time designate one of their number in writing to vote and exercise all of the other rights of membership.

SECTION 4: TRANSFER OF MEMBERSHIP. Membership in this Association shall be transferable only when such leasehold interest has been validly assigned by written instrument or by operation of law or when a valid sublease has been executed wherein the Owner-Leaseholder relinquished all privileges to community-owned facilities and transfers said privileges to the sublessee, and such assignee or sublessee has been approved for membership in the Association by the Board of Directors.

SECTION 5: VOTING. In all matters which shall be presented for a vote of the members, each member shall be entitled to one vote; provided, however, that the members shall have the right to cumulate their votes in any election of directors of the Association.

SECTION 6: PLURAL MEMBERSHIPS. A member may own more than one membership by meeting the qualifications of Article II, Section 2, with respect to more than one leasehold interest.

SECTION 7: MEMBERSHIP CERTIFICATES. The Board of Directors may issue appropriate membership certificates evidencing membership in this Association.

SECTION 8. DUE AND ASSESSMENTS. The members of the Association shall be liable for the payment of such dues and assessments as may from time to time be fixed and levied by the Board of Directors, but which may not exceed the total amount of one hundred dollars (\$100.00) in any one calendar year, pursuant to the provisions of Article IV, Section 1(g) of these bylaws. If such dues and assessments are not paid by the member prior to delinquency, they shall bear interest at the rate of seven percent (7%) per annum from date of delinquency and the Board of Directors in its discretion may file a claim of lien as provided in Article IV, Section 1(g) of these bylaws.

SECTION 9: ENFORCEMENT OF LIEN. If such claim of lien is filed the Association shall have the right to foreclose the same in accordance with the provisions of the laws of the State of California then in effect governing the foreclosure of mortgages on real property and the judgement in such action shall contain an award of attorney's fees to the Association; provided, however, that such action shall be brought within one hundred twenty (120) days after the filing of such claim of lien or it shall be barred; and provided, further, that if a sale of the leasehold interest and improvements owned by the delinquent member is made pursuant to such foreclosure action, the delinquent member shall have the right of redemption within two years from the date of such sale by payment of the principal amount of the judgement including any costs taxed in said suit and the expenses of said sale together with the interest on said amounts at the rate of seven per cent (7%) per annum from the date of such sale to the date of redemption. The entry of record of the satisfaction of any such judgement or of a certificate executed by the Association acknowledging the satisfaction of such judgement or the redemption of such property to which said judgement shall have reference, shall wholly free such property from the lien of any such judgement and the owner or owners thereof shall be restored to all rights of membership in this Association.

SECTION 10: PAYMENT OF DELINQUENT DUES. At any time prior to judgement in such action, the delinquent member may pay said dues, assessments and interest together with costs and attorney's fees incurred by the Association to date of such payment, whereupon the Association will file for record a satisfaction and release of its lien.

ARTICLE III

MEETINGS OF MEMBERS

SECTION 1: PLACE OF MEETINGS. All annual meetings of members shall be held at the principal office of the Association, or at such other place as may be fixed from time to time by resolution of the Board of Directors, and all other meetings of members shall be held either at the principal office or at any other place within or without the State of California, which may be designated either by the Board of Directors pursuant to authority hereinafter granted to said Board, or by the 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 2: ANNUAL MEETINGS. The annual meeting of members shall be held on the second Saturday of March of each year at one o'clock p.m. of said day; provided that should said day 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.

Written notice of each annual meeting shall be given to each member entitled to vote, either personally or by sending a copy of the notice through the mail or by telegraph, charges prepaid, to his address appearing on the books of the Association or supplied by him to the Association for the purpose of the notice. If a member supplies no address, notice shall be deemed to have been given him if mailed to the place where the principal office of the Association is situated, or published at least once in some newspaper of general circulation in the county of said principal office. All such notices shall be sent to each member entitled thereto not less than ten (10) days before each annual meeting, and shall specify the place, the day, and the hour of such meeting.

SECTION 3: SPECIAL MEETINGS. Special meetings of members for any purpose or purposes whatsoever, may be called at any time by the President or by the Board of Directors, or by any two or more members thereof, or by one or more members holding not less than twenty per cent (20%) of the 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. Notices of any special meeting shall specify in addition to the place, the day, and hour of such meeting, the general nature of the business to be transacted.

SECTION 4: ADJOURNED MEETINGS AND NOTICE THEREOF. Any members' meeting annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of members present or represented at such meeting and entitled to cast a majority of votes represented at such meeting, but in the absence of a quorum no other business may be transacted at any such meeting.

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 an adjourned meeting, other than by announcement at the meeting at which such adjournment is taken.

SECTION 5: ENTRY OF NOTICE. Whenever any member who is entitled to vote has been absent from any meeting of members, whether annual or special, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such meeting was given to such member, as required by law and the By-Laws of the Association.

SECTION 6: QUORUM. The presence in person or by proxy of members entitled to cast one-fourth (1/4) of votes represented by all members of the Association 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.

SECTION 7: CONSENT OF ABSENTEES. The transaction of any meeting of members, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the members entitled to vote, not present in person or by proxy, sign a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the records of the Association or made a part of the minutes of the meeting.

SECTION 8: PROXIES. Every person entitled to vote or execute consents shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such person or his duly authorized agent and filed with the Secretary of the Association; provided that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution, unless the member executing it specifies therein the length of time for which such proxy is to continue in force, which in no case shall exceed seven (7) years from the date of its execution.

ARTICLE IV

DIRECTORS

SECTION 1: POWERS. Subject to limitations of the Articles of Incorporation, or the By-Laws, and of the California Corporation Code as to action to be authorized or approved by the members, and subject to the duties of directors as prescribed by the By-Laws, all corporate powers shall be exercised by or under authority of, and the business and affairs of the Association shall be controlled by the Board of Directors, without the 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:

(a) 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, with the Articles of Incorporation or the By-Laws, fix their compensation and require from them security for faithful service.

(b) To conduct, manage, and control the affairs and business of the Association, and to make such rules and regulations therefor not inconsistent with law, with the Articles of Incorporation or the By-Laws, as they may deem best.

(c) 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 1, Section 1 hereof; to fix and locate from time to time one or more subsidiary offices of the Association within or without the State of California, as provided in Article 1, Section 2 hereof; to designate any place within or without the State of California for the holding of any members' meeting or meetings, and to adopt, make and use a corporate seal, and to prescribe the forms of certificates of membership, and to alter the form of such seal and of such certificate from time to time, as in their judgement they may deem best, provided such seal and such certificate shall at all times comply with the provisions of law.

(d) To authorize the issue of memberships to such persons as shall be eligible for membership as in Article 11 of these By-Laws provided.

(e) To borrow money and incur indebtedness for the purposes of the Association, and to cause to be executed and delivered therefor, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor.

(f) To appoint an executive committee, and to delegate to such committee, subject to the control of the Board of Directors, any of the powers and authority of said Board except the power to adopt, amend, or repeal the By-Laws.

(g) To fix and levy from time to time dues and assessments upon the members of the Association which may not, in total aggregate, exceed one hundred dollars (\$100) in any one calendar year; to determine and fix the due date for the payment of such dues and assessments and the date upon which the same shall become delinquent; to suspend, upon such terms and to such extent as the directors shall in their absolute discretion determine, membership privileges and the rights of any member if such dues and assessments shall not be paid before delinquency; provided, however, that such dues and assessments shall be fixed and levied only to provide for the payment of taxes and assessments upon real or personal property owned, controlled, or occupied by the Association, or for labor rendered or materials or supplies used and consumed, or equipment, appliances or power furnished for the maintenance, improvement or development of property subject to the management or jurisdiction of the Association, or in performing or causing to be performed any of the purposes of the Association for the benefit and advantage of its members, and the Board of Directors is hereby authorized to incur any and all expenditures for any of the foregoing purposes as it shall deem to be necessary or advisable in the interest of the Association or its members; provided, further, however, that no dues or assessments shall be so fixed and levied to provide funds for the purchase, acquisition or improvement of real property unless such purchase, acquisition or improvement shall first have been authorized and approved by the vote of seventy-five per cent (75%) of the members of the Association. Should any member fail to pay such dues and assessments before delinquency, the Board of Directors in its discretion is authorized to file for record in the office of the County Recorder of Orange County, California, a claim of lien for such delinquent dues and assessments against the leasehold estate and improvements thereon owned by the delinquent member.

(h) To increase the amount of the assessment limit of one hundred dollars (\$100) in a calendar year will require an affirmative vote of at least seventy-five (75%) of the total number of votes within the membership, and the vote may be cast in person, or by stated proxy, or by written consent.

(i) The Board of Directors may, by unanimous vote, suspend the privilege of use of the Association owned recreational facilities by reason of any violation by a member, a member of the member's family, or sublessee, or his guest of the published rules adopted for the use and protection of the members and for the protection of the facilities, but said suspension may not exceed a period of one hundred eighty (180) days for any one violation.

SECTION 2: NUMBER AND QUALIFICATION OF DIRECTORS. The Board of Directors shall consist of eleven (11) directors, amending the number named in the Articles of Incorporation, until changed by amendment of the articles; provided, however, that if authorized by the Articles of Incorporation, said number may be changed at any time by an amendment to this Section 2 of Article IV of these By-Laws, fixing or changing such number, adopted by the vote or written assents of members entitled to exercise a majority of the voting power.

SECTION 3: ELECTION AND TERM OF OFFICE. The directors shall be elected at each annual meeting of members to serve for a term of two (2) years, 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.

(a) At the annual meeting of members held in 1961, six (6) directors will be elected for a term of one (1) year, and five (5) directors will be elected for a term of two (2) years, and the year will extend from the second Saturday of March to the second Saturday of the following March, and each director must continue in office until his successor is elected, or appointed.

In subsequent odd-number years, six (6) directors will be elected for a two (2) year term, and in subsequent even-number years, five (5) directors will be elected to serve a two (2) year term.

(b) In January of each year, the President of the Association will name five (5) members of a Nominating Committee, one of whom will also be delegated as Chairman and the designated committee will be instructed to present a slate of six (6), or five (5), as the number is needed, to replace directors whose terms of office will expire at the next annual meeting.

(c) The President must instruct the Nominating Committee to place people of ability, experience, availability, and character on nomination for the Board of Directors.

(d) The Chairman of the Nominating Committee must nominate the committee's slate when called upon to do so by the President at the annual meeting. Upon completion of this duty the Nominating Committee is automatically dissolved, but the President must then make a call for nominations from the floor before declaring the nominations to be closed.

SECTION 4: VACANCIES. Vacancies in the Board of Directors may be filled by a majority of the remaining directors, though less than a quorum, and each director so elected shall hold office until his successor is elected at an annual meeting of members or at a special meeting called for that purpose.

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

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

If any director tenders his resignation to the Board of Directors, the Board shall have the power to elect a successor to take office at such time as the resignation shall become effective. No reduction of the number of directors shall have the effect of removing any director prior to the expiration of his term of office.

SECTION 5: PLACE OF MEETING. All meetings of the Board of Directors shall be held at the principal office of the Association, or any other place or places within or without the State of California, designated at any time by resolution of the Board or by written consent of all members of the Board.

SECTION 6: ORGANIZATION MEETING. Immediately following each annual meeting of members 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 meetings is hereby dispensed with.

SECTION 7: OTHER REGULAR MEETINGS. Other regular meetings of the Board of Directors may be held without call at such place and day and hour as may be fixed from time to time by resolution of the Board of Directors; provided, should said day fall upon a legal holiday, then the meeting which otherwise would be held on said day shall be held at the same time on the next day thereafter ensuing which is not a legal holiday. Notice of all such regular meetings of the Board of Directors is hereby dispensed with.

SECTION 8: SPECIAL MEETINGS. Special meetings of the Board of Directors for any purpose or purposes shall be called at the time by the President, or if he is absent or unable or refuses to act, by any Vice President, or by any two directors.

Written notice of the time and place of special meetings shall be delivered personally to the directors or sent to each director by letter or telegram, 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 in which the the meetings of the directors are regularly held. 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 forty-eight (48) hours prior to the time of the holding of the meeting. In case such notice is delivered as above provided, it shall be so delivered at least twenty-four (24) hours 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.

SECTION 9: NOTICE OF ADJOURNMENT. Notice of adjournment of any directors' meeting, either regular or special, need not be given to absent directors, if the time and place are fixed at the meeting adjourned.

SECTION 10: ENTRY OF NOTICE. Whenever any director has been absent from any special meeting of the Board of Directors, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such special meeting was given to such director, as required by law and the By-Laws of the Association.

SECTION 11: 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. All such waivers, consents, or approvals shall be filed with the records of the Association or made a part of the minutes of the meeting.

SECTION 12: QUORUM. A majority of the numbers of directors as fixed by the articles or the By-Laws shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. 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.

SECTION 13: 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 14: FEEES AND COMPENSATION. No director or officer shall receive any salary for his services as such officer or director. Nothing herein contained shall be construed to preclude any director or officer from serving the Association as agent, counsel, or in any capacity other than as such director or officer, and receiving compensation therefore.

ARTICLE V

OFFICERS

SECTION 1: OFFICERS. The President, Vice President, Secretary and Treasurer of this Association, and such other officers of this Association, having the custody of, or access to, the funds of this Association, shall be, and each of them is, hereby required to obtain and furnish to this Association a bond from such bonding or insurance company and in such form as shall meet with the approval of the Board of Directors, for the true and faithful accounting to this Association of all of the funds of this Association in the custody of, and under the control of each such office and insuring this Association against loss for breach thereof, the cost of all such bonds to be paid by this Association.

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 his 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.

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, except in case of an officer chosen by the Board of Directors, by any 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 of the Association. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified therein; and, unless otherwise specified 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, resignation, removal disqualification, or any other cause shall be filled in the manner prescribed in the By-Laws for regular appointments to such office.

SECTION 6: CHAIRMAN OF THE BOARD. The Chairman of the Board, if there shall be such an officer, shall, if present, preside at all meetings of the Board of Directors and exercise and perform such other powers and duties as may be from time to time assigned to him by the Board of Directors or prescribed by the By-Laws.

SECTION 7: PRESIDENT. Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chairman of the Board, if there is such an officer, 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 in the absence of the Chairman of the Board, or if there be none, 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 the general powers and duties of management usually vested in the office of president of an association, and shall have such other powers and duties as may be prescribed by the Board of Directors or the By-Laws.

SECTION 8: VICE PRESIDENT. In the absence or disability of the President, the Vice Presidents in order of their rank as fixed by the Board of Directors, or if not ranked, the Vice President designated by the Board of Directors, 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 Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors or the By-Laws.

SECTION 9: 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 memberships present or represented at members' meetings and the proceedings thereof.

The Secretary shall keep, or cause to be kept, at the principal office or at the office of the Association's transfer agent, a membership register, or a duplicate membership register, showing the names of the members and their addresses, and the property to which each membership shall relate, the number of memberships held by each, the number of votes represented by each membership, the number and date of certificates issued for the same, and the number and date of cancellation of every certificate surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all meetings of the members and of the Board of Directors required by the By-Laws or by law 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 10: 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. The books of account shall at all times be open to inspection by any director. The Treasurer shall deposit all monies 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 transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

ARTICLE VI

MISCELLANEOUS

SECTION 1: RECORD DATE AND CLOSING MEMBERSHIP REGISTER. The Board of Directors may fix a time, in the future, not exceeding fifteen (15) days preceding the date of any meeting of members, and not exceeding thirty (30) days preceding the date fixed for the payment of any distribution, as a record date for the determination of the members entitled to notice of and to vote at any such meeting, or entitled to receive any such distribution, and in such case only members of record on the date so fixed shall be entitled to notice of and to vote at such meeting, or to receive such distribution, as the case may be, notwithstanding any transfer of any memberships on the books of the Association after any record date fixed as aforesaid. The Board of Directors may close the books of the Association against transfers of memberships during the whole, or any part, of any such period.

SECTION 2: INSPECTION OF CORPORATE RECORDS. The membership register or duplicate membership register, the books of account, and minutes of proceedings of the members and directors 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 produced at any time when required by the demand of members entitled to cast at least ten per cent (10%) of the votes represented at any members' meeting. 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, Secretary, or Assistant Secretary of the Association. Every such demand, unless granted, shall be referred by such officer to the Board of Directors.

SECTION 3: 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 4: ANNUAL REPORT. Any and all requirements for the submission to members of any financial statement or other report referred to in Section 3006 of the California Corporations Code are hereby expressly dispensed with.

SECTION 5: CONTRACT, ETC., HOW EXECUTED. The Board of Directors, except as in the 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 pledge its credit or to render it liable for any purpose or to any amount.

SECTION 6: CERTIFICATES OF MEMBERSHIP. A certificate or certificates for membership in the Association shall be issued to each member. All such certificates shall be signed by the President or a Vice President and the Secretary or an Assistant Secretary

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 VII

AMENDMENTS

SECTION 1 Powers of the Members. The Bylaws of this Association may be adopted, amended or repealed either at a meeting by the vote of members entitled to exercise a majority of the voting power or by the written assent of such members, with the exception that a vote of seventy five percent (75%) of the members is required to increase the assessment beyond the maximum of one hundred dollars (\$100.00) in any one year.

SECTION 2 Powers of the Directors. The authority to adopt, repeal and amend Bylaws may, by the vote of the members, entitled to exercise a majority of the voting power, or by the written assent of such members, be delegated to the Board of Directors subject to the power of the members to adopt, amend or repeal such Bylaws, or to revoke such authority in like manner; provided, however, that the powers of the members to fix the number of directors may not be delegated to the directors. Such authority to adopt, repeal and amend Bylaws with the aforesaid exception is hereby delegated to the Board of Directors in the event that the holders of memberships entitled to exercise a majority of the voting power shall by vote or by assent in writing, adopt these Bylaws.

AMENDMENTS TO THIS INSTRUMENT KNOWN AS THE NEWPORT SHORES COMMUNITY ASSOCIATION, INC. BYLAWS:

In accordance with the terms and conditions of the Association Bylaws, ARTICLE VII, SECTION 1 and SECTION 2, AMENDMENTS, the following resolutions of the Board are hereby incorporated in this instrument and made a part thereof.

ARTICLE II, SECTION 2, QUALIFICATIONS OF MEMBERS, is amended to read as follows: Each member of the Association must be the owner in fee or the owner of a leasehold interest in and to a building site or dwelling unit in said Tract 772, entitled to the possession of such building site or dwelling unit and approved for membership by the Board of Directors of this Association. No owner of the fee or the leasehold interest of a building site or dwelling unit in said Tract 772, the fee of which is not owned Signal Oil and Gas Company, may become a member of the Association prior to the first (1st) day of January, 1961, without the prior written consent of Frank H. Ayres and Son Company.

ARTICLE II, SECTION 8, DUES AND ASSESSMENTS, is amended to read as follows: The members of the Association shall be liable for the payment of such dues and assessments as may from time to time be fixed and levied by the Board of Directors, but which may not exceed the total amount of one hundred dollars (\$100.00) in any one calendar year pursuant to the provisions of Article IV, Section 1(g) of these Bylaws provided that the dues for any residential building lot which is not improved with a house or other structure shall be one dollar per year so long as said building lot remained unimproved. If such dues and assessments are not paid by the member prior to delinquency, they shall bear interest at the rate of seven percent (7%) per annum from date of delinquency and the Board of Directors in its discretion may file a claim of lien as provided in Article IV, Section 1(g) of these Bylaws.

ARTICLE II, MEMBERS, shall include a SECTION 10 and SECTION 11 as follows:

SECTION 10: No member shall permit to be displayed upon his lot or building any sign for the purpose of advertising or for the purpose of indicating the property or any improvements thereon is for sale or lease.

SECTION 11: All members upon the completion of the house on their lot shall immediately proceed to plant and landscape the grounds on the street side in a neat and attractive manner in keeping with the general character of the area and shall maintain said planting and landscaping in a neat, orderly and attractive manner.

NEWPORT SHORES COMMUNITY ASSOCIATION, INC. A California corporation incorporated April 7, 1970. Federal Identification Number: 95-2131501 State Corporation Number: 3942500.

The foregoing nine (9) page instrument known as the NEWPORT SHORES COMMUNITY ASSOCIATION, INC. BYLAWS constitute the original bylaws and all other subsequent amendments adopted at a meeting duly held. Said original bylaws of said corporation have been duly adopted at subject first meeting of the Board of Directors in the year 1960.

These Bylaws have been recorded in the State of California with the Secretary of State and in the County of Orange with the County Recorders Office.

The official seal of NEWPORT SHORES COMMUNITY ASSOCIATION, INC. is hereby affixed to this instrument.



Newport Shores Community Association
BUSINESS OFFICE
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