

BYLAWS  
OF  
ALTEZZA AT NEWPORT COAST HOMEOWNERS ASSOCIATION

ARTICLE I.  
NAME AND LOCATION

The name of the corporation is ALTEZZA AT NEWPORT COAST HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association". The principal office of the Association shall be located at 24461 Ridge Route Drive, Laguna Hills, California 92653-1686. Meetings of Members and directors shall be held within the Property (defined in Declaration) or as close thereto as practicable.

ARTICLE II.  
DEFINITIONS

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

Section 2.2. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Property recorded on the \_\_\_\_ day of \_\_\_\_\_, 199\_, as Instrument No. \_\_\_\_\_, Official Records, Orange County.

ARTICLE III.  
MEETINGS OF MEMBERS AND VOTING

Section 3.1. Annual Meeting: The first annual meeting of the Members of the Association shall be held within forty-five (45) days after the closing of the sale of the Unit which represents the 51st percentile of Units authorized for sale under the first State of California Final Subdivision Public Report for the Property, but in no event shall the meeting of the Association be held later than six (6) months after the close of escrow on the sale of the first Unit in the Property. Thereafter, the annual meetings of the Members shall be held on the date of the annual meeting of the Master Association.

Section 3.2. Special Meetings: Special meetings of the Members may be called at any time by the vote for such a meeting by a majority of a quorum of the Board of Directors, and shall be called upon written request of the Members representing not less than five percent (5%) of the voting power of the Association. If the Association is the obligee under a bond or other arrangement to secure performance of the commitment of the Declarant to complete Common Area improvements which have not been completed prior to the close of escrow of the sale of the first Unit, and the provisions relating to such bonding contained in the Declaration are applicable, a special meeting of Members may be called in accordance with the provisions of the Declaration which provisions are incorporated by reference herein.

Section 3.3. Notice and Place of Meetings: Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, first-class or registered, at least ten (10) but not more than ninety (90) days before such meeting to each institutional lender requesting notice and to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. Meetings shall be held at a location on the Property whenever possible, and when not, at the principal office of the Association or such other suitable place convenient to the owners as may be designated by the Board of Directors. Unless unusual conditions exist, meetings shall not be held outside the county in which the Property is located.

Section 3.4. Quorum: The presence either in person or by proxy, at any meeting, of Members representing a majority of the voting power of the Association, shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, these Bylaws or the applicable provisions of the Corporations Code. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time without notice other than announcement at the

meeting, to a time not less than five (5) days nor more than thirty (30) days from the time the preceding meeting was called, and the required quorum at any such subsequent meeting shall be twenty-five percent (25%) of the voting power of the Association. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner described for regular meetings.

Section 3.5. Action Without a Meeting: Any action which may be taken by the vote of Members at a regular or special meeting, except the election of Board members where cumulative voting is a requirement, may be taken without a meeting if done in compliance with the provisions of Section 7513 of the Corporations Code or any successor statute thereto.

Section 3.6. Proxies: Every Member entitled to attend, vote at or exercise consents with respect to any meeting of the Association may do so either in person or by an agent or agents authorized by a written proxy executed by such Member or his duly authorized agent and filed with the Secretary of the Association prior to the meeting to which it is applicable. Any proxy may be revoked at any time by written notice to the Board or by attendance in person by such Member at the meeting for which such proxy is given. In any event, no proxy shall be valid after the expiration of eleven (11) months from the date of its execution, unless otherwise provided in the proxy, and the maximum term of any such proxy shall be three (3) years from the date of its execution. All proxies must satisfy the requirements of Section 7514 and 7613 of the California Corporations Code or any successor statute thereto. Any proxy distributed to the Members shall provide an opportunity on the proxy for the Member to specify approval or disapproval of each matter or group of related matters which, at the time the proxy is distributed, are intended to be acted upon at the meeting for which the proxy is solicited. The proxy shall provide (i) subject to reasonable specified conditions, that where the solicited Member specifies a choice with respect to any such matter, the vote shall be cast in accordance therewith, (ii) the identity of the person or entity authorized to exercise the proxy; and (iii) the length of time the proxy will be valid.

Section 3.7. Voting: The Association shall have two (2) classes of voting membership:

Class A: Class A Members shall be all Owners with the exception of the Declarant. Each Unit shall be entitled to one (1) vote. When more than one person holds an interest in any Unit, all such persons shall be Members. The vote for the such Unit shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Unit.

Class B: The Class B Member(s) shall be the Declarant and shall be entitled to vote as follows: Voting shall be the same as for Class A memberships, except that Class B Members may triple their votes for each Unit owned. The Class B memberships shall cease and be converted to Class A memberships upon the happening of any of the following events, whichever occurs earlier.

(a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership;

(b) On the second anniversary of the original issuance of the Final Subdivision Public Report for the Project (or the most recent phase of the Project if additional property is subsequently annexed to the Property); or

(c) On the fourth anniversary of the original issuance of the Public Report for the first phase of the Property if additional property is subsequently annexed to the Property.

Section 3.8. Form of Written Ballot: Any form of written ballot distributed by any person to the Members shall afford the opportunity to satisfy a choice between approval and disapproval of each matter or group of related matters which, at the time the written ballot is distributed, are intended to be acted upon by such written ballot. The written ballot shall provide that, where the Member specifies a choice with respect to any matter, the vote shall be cast in accordance with that choice.

Section 3.9. Mortgagee Protection. Written notice of annual meetings, upon written request, shall also be given to any First Mortgagee either personally or by sending a copy of the notice through the mail in the manner provided in the Section entitled "Notices" of the Article "General Provisions" of the Declaration. The First Mortgagee shall have the right to attend all Association meetings through a representative who has been designated in writing that has been delivered to the Board.

ARTICLE IV.  
ELECTION OF BOARD OF DIRECTORS

Section 4.1. Number: The affairs of this Association shall be managed by a Board of five (5) directors, who need not be Members of the Association, until conversion of Class B memberships to Class A, after which time all directors must be Members.

Section 4.2. Nomination: Nomination for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors ninety (90) days prior to each annual meeting of the Members, to serve until the close of such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Notwithstanding the foregoing, any Member present in person or by proxy at a meeting in which a director or directors are to be elected may place a name in nomination at the meeting prior to the vote. If the Association has 500 or more Members, the nomination requirements of California Corporations Code Section 7521 shall be satisfied.

The Board shall adopt procedures that provide for a reasonable opportunity for nominees to communicate their qualifications and reasons for candidacy to the Members and to solicit votes, and for a reasonable opportunity for all Members