

BYLAWS OF
TREO MAINTENANCE ASSOCIATION

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**BYLAWS OF
TREGO MAINTENANCE ASSOCIATION**

ARTICLE I

NAME AND LOCATION

Section 1. Name and Location. The name of the corporation is TREGO MAINTENANCE ASSOCIATION, (hereinafter referred to as the "Association"). The principal office of the Association shall be located at the Project in the City of Irvine, County of Orange, State of California, or at the office of the managing agent for the Association.

ARTICLE II

DEFINITIONS

Section 1. Definitions. Various capitalized words and phrases used in these Bylaws shall, unless stated otherwise, have the same meaning herein as is ascribed to them in that certain "Supplemental Declaration of Covenants, Conditions and Restrictions, Reservation of Easements, and Alternative Dispute Resolution Procedures for Trego," recorded on _____, 2004, as Instrument No. 200400_____, in the Official Records of Orange County, California, as same may be restated and/or amended from time to time (hereinafter referred to as the "Declaration"). All of the terms and provisions of the Declaration are hereby incorporated herein by this reference.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every person or entity who or which is an Owner, as defined in the Declaration, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest in any Condominium in the Project merely as security for the performance of an obligation.

Section 2. Voting Rights. The Association shall have three (3) classes of voting membership, as follows:

Class A. Initially, the Class A Members shall be all of the Owners (other than Declarant) of Condominiums in the Project which are subject to the levy of

Assessments. Declarant shall not be a Class A Member for so long as the Class B membership shall exist. Upon the conversion of the Class B membership as provided below, Declarant shall become a Class A Member with respect to the Condominiums owned by Declarant which are subject to the levy of Assessments. The Class A Members who own a Condominium which is subject to the levy of Assessments are entitled to one (1) vote for such Condominium. When a Condominium is owned by more than one (1) Owner, the vote for such Condominium shall be exercised as such Owners determine among themselves, but in no event shall more than one (1) vote be cast with respect to any Condominium.

Class B. The Class B Member shall be Declarant. The Class B Member shall be entitled to three (3) votes for each Condominium it owns in the Project which is subject to the levy of Assessments. The Class B membership shall cease and shall be converted to Class A membership upon the happening of any of the following events, whichever occurs earliest:

(a) The second anniversary of the first Close of Escrow for the sale of a Condominium pursuant to the original issuance by the DRE of the most recently issued Final Subdivision Public Report for a Phase of the Project; or

(b) The fourth anniversary of the first Close of Escrow for the sale of a Condominium pursuant to the issuance by the DRE of the original Final Subdivision Public Report for the first Phase of the Project.

Notwithstanding the foregoing, the Class B Member shall have no right to vote in the election of the Directors until the expiration of the three year terms of the Class C Directors, as more fully set forth below.

Class C. The Class C Member shall be Declarant. The Class C Member shall be entitled, by its sole vote, to elect three directors of the five member Board of Directors of the Association at the first annual meeting of Members of the Association. Each Class C Director shall have a three year term. The Class C membership shall automatically expire after the first annual meeting of Members of the Association; provided, however, the Class C membership will not expire for purposes of Declarant's right to replace any Class C Director for the unexpired portion of the original

term of that directorship, or to elect a majority of the Directors if the Board is increased to more than five (5) members.

Unless a specific provision of the Declaration or the Articles requires the approval of a greater percentage of the voting membership, any action taken by the Association which must have the approval of the membership of the Association before being undertaken shall require the vote or written assent of both a majority of the Class B membership as well as a majority of the Class A membership, so long as there are these two (2) outstanding classes of membership. Notwithstanding the foregoing, any action by the Association pursuant to the Article in the Declaration entitled "Enforcement of Bonded Obligations" shall only require a majority of the voting power of the Owners, other than Declarant.

Section 3. Vesting of Voting Rights. The voting rights attributable to any given Condominium in the Project, as provided for herein, shall not vest until the Assessments provided for in the Declaration have been levied by the Association against such Condominium.

Section 4. Adjustment of Voting Rights. The voting rights in the Association shall be adjusted upon the annexation of a subsequent Phase, as provided for in the Declaration. Such adjustment shall become effective upon the first Close of Escrow for the sale of a Condominium in such Phase.

Section 5. Transfer. The Association membership held by any Owner of a Condominium shall not be transferred, pledged or alienated in any way, except as incidental to the sale of such Condominium, and the membership shall be automatically transferred upon the sale of such Condominium. In the event of such sale, the Association membership may only be transferred, pledged or alienated to the bona fide purchaser or purchasers of the Condominium, or to the Mortgagee (or third-party purchaser) of such Condominium upon a foreclosure sale, deed in lieu or other remedy set forth in the Mortgage. Any attempt to make a prohibited transfer is void and will not be reflected in the books and records of the Association.

Section 6. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time for each meeting. Every proxy shall be revocable and shall automatically terminate upon the earliest of the following: (a) the conveyance by the Owner of his Condominium; (b) the date of automatic termination, if any,

specified in the proxy, but not to exceed three (3) years from the date of issuance of the proxy; or (c) eleven (11) months from the date of issuance of the proxy, if no automatic termination date is specified in the proxy. Any form of proxy or written ballot distributed to the membership of the Association shall afford an Owner the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon at the meeting for which said proxy was distributed, except it shall not be mandatory that a candidate for election to the Board be named in a proxy. The proxy or written ballot shall provide that, where the Owner specifies a choice, the vote shall be cast in accordance with that choice. In addition, the proxy shall also identify the person or persons authorized to exercise the proxy and the length of time it shall be valid.

Section 7. Determination of Record Date. In the event the Board does not fix a record date, the record date shall be determined in accordance with California Corporations Code, Section 7611, as same may be amended from time to time.

(a) For Notice. Except as otherwise provided in Subsection (b) below, the Board shall fix in advance a date as the record date for the purpose of determining the Members entitled to notice of any meeting of the Association at which Members are required or permitted to take action. Such record date shall not be more than ninety (90) days nor less than ten (10) days before the date of the meeting. If the Board fails to fix such record date, the record date for the purpose of determining the Members entitled to notice of any meeting of the Association shall be at 5:00 p.m. on the fifth (5th) business day preceding the day on which notice is given. A determination of Members entitled to notice of a meeting of the Association shall apply to any adjournment of the meeting, unless the Board fixes a new record date for the adjourned meeting.

(b) To Vote. The record date for the purpose of voting shall not be more than sixty (60) days before the date of the meeting.

Section 8. Representation by Delegates. Except as otherwise provided in the Master Association Documents, the Members of the Association shall be represented in the Master Association by a Delegate (or Alternate Delegate) who shall be an officer of the Association. The procedures for conducting meetings of the Members of the Delegate District

and for casting the votes allocable to the Members (other than Declarant) of the Delegate District at meetings of the Master Association are set forth in the Master Association Documents.

ARTICLE IV

MEETINGS OF MEMBERS

Section 1. Organizational and Annual Meetings. Regular meetings of Members of the Association shall be held not less frequently than once each calendar year at the time and place prescribed by these Bylaws. The first meeting of the Association, whether a regular or special meeting, shall be held not later than six (6) months after the first Close of Escrow for the sale of a Condominium in the Project. At such meetings there shall be elected, by ballot of the Members, a Board in accordance with the requirements of the Article herein entitled "Nomination and Election of Directors." The Members may also transact such other business of the Association as may properly come before them. After the first meeting of the Members, the annual meeting shall be scheduled to coincide with the annual meeting of the Delegate Districts as called by the Secretary of the Woodbury Community Association as provided in the Master Declaration.

Section 2. Special Meetings. A special meeting of the Members of the Association shall be called by the Board upon:

- (a) The vote for such meeting by a majority of a quorum of the Board;
- (b) Receipt of a written request therefor signed by Members representing at least five percent (5%) of the total voting power of the Association;
- (c) The rejection by the Board of a settlement offer as referenced in California Civil Code Section 1375; or
- (d) Any vote by a majority of a quorum of the Board to commence an action for damages pursuant to Section 1375 of the California Civil Code.

The notice of any special meeting shall be given within five (5) days after such action by the Board or receipt of such petition. The Board shall cause the special meeting to be held not less than twenty (20) days nor more than ninety (90) days after such action by the Board or receipt of the written request for said meeting.

No business shall be transacted at a special meeting except as stated in the notice, unless by consent of a quorum of the Owners present, either in person or by proxy.

Section 3. Notice of Meetings. Written notice of each regular and each special 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 by first class mail, postage prepaid, and/or by any other means approved by the Board which is reasonably calculated to give Notice of such meeting (e.g., transmission by facsimile or e-mail). Except in emergency situations, not less than ten (10) days nor more than ninety (90) days notice of any meeting at which Members are required or permitted to take action shall be provided to each Member, 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 those matters which the Board, at the time the notice is sent, intends to present for action by the Members, if any, but except as otherwise provided by law any proper matter may be presented at the meeting for action. The notice shall be sent to: (1) all Members of the Association, and (2) each Eligible Mortgage Holder. A reasonable time limit for Members to speak shall be established by the Board. The notice of any meeting at which Directors are to be elected shall include the names of all nominees. Notice given in the manner provided in this Section, shall be considered served forty-eight (48) hours after the notice was deposited in a regular depository of the United States mail or was electronically transmitted. In all cases, notice shall also be posted in a conspicuous place in the Project, and the notice shall be deemed served upon any Member by posting if no address for such Member has been furnished to the Secretary.

Section 4. Quorum. The presence, in person or by proxy, of Owners holding at least fifty-one percent (51%) of the voting power of the Association shall constitute a quorum for the transaction of business at all meetings. In the absence of a quorum at a Members' meeting, a majority of those present, in person or by proxy, may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum shall be to a date not less than five (5) days and not more than thirty (30) days from the original meeting date. Except as may otherwise be required pursuant to the Declaration, the quorum for such a meeting shall be at least twenty-five percent (25%) of the total voting power of the Association present,

in person or by proxy. 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.

Section 5. Action Without Meeting. Any action which may be taken by the vote of Members at any regular or special meeting, except the election of Directors where cumulative voting is required as provided for hereinbelow, may be taken without a meeting if the Association distributes a written ballot to every Member entitled to vote on the matter. Such ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Association, pursuant to Section 7513 of the California Corporations Code, as such may be amended, from time to time. All such written ballots shall be filed with the Secretary of the Association and maintained in the corporate records. Approval by written ballot pursuant to this Section shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitations of ballots shall indicate the number of responses needed to meet the quorum requirement and shall state the percentage of approvals necessary to pass the measure submitted. The solicitation shall specify the time by which the ballot must be received in order to be counted. A written ballot may not be revoked. Directors may not be elected by written ballot under this Section.

Section 6. Place of Meetings of the Members. The meetings of the Members shall be held at the Project or such other suitable meeting place as may be designated by the Board. All meetings shall be conducted in accordance with a recognized system of parliamentary procedure (e.g., Robert's Rules of Order) or such parliamentary procedures as the Association may adopt.

Section 7. Mortgagee Representation. First Mortgagees shall have the right to attend all meetings of Members through a representative designated in writing and delivered to the Board.

ARTICLE V

BOARD OF DIRECTORS:

SELECTION, TERM OF OFFICE

Section 1. Number and Qualifications of Directors. Until the first election of Directors by the Members, the affairs of the Association shall be managed by a Board consisting of three (3) Directors, who need not be Members of the Association. Thereafter, the affairs of the Association shall be managed by a Board of five (5) Directors, each of whom, except for those appointed and serving as first Directors, must either be an Owner of a Condominium or an authorized agent and representative of Declarant, so long as Declarant is entitled to annex any portion of the Annexable Property into the Project pursuant to the Declaration.

Section 2. Election and Term of Office.

(a) Until the first meeting of Members, all of the Directors shall be appointed by Declarant and continue to serve pursuant to Declarant's appointments. Any Director so appointed by Declarant may be removed and replaced by Declarant until the first annual meeting of the Members.

(b) At the first annual meeting of the Members of the Association, the Members shall elect five (5) Directors as set forth herein. The Class C Member shall elect three (3) Directors ("Class C Directors") for a term of three (3) years, and the Class A Members shall elect two (2) Directors ("Class A Directors") for a term of one (1) year.

(c) At the second and third annual meetings of the Members of the Association, the Class A Members shall elect Directors to fill the vacancies of the Class A Directors. The Directors so elected shall serve for a term of one (1) year. Any person serving as a Director may be re-elected, and there shall be no limitation on the number of terms which a Director may serve.

(d) At the fourth annual meeting of the Members of the Association, the Class A and the Class B membership shall elect Directors to fill all vacancies. (If at such time the Class B membership has also terminated, then all of the Directors shall be elected by the Class A membership.) Each of the three (3) Directors who received the greatest number of votes shall hold office for a two (2) year term and each of the

remaining two (2) Directors shall hold office for a one (1) year term. Thereafter, Directors shall be elected at each annual meeting of the Members of the Association to fill the vacancies of those Directors whose term then expires, and each Director so elected shall hold office for a two (2) year term. From and after the fourth annual meeting of the Members, all references herein to Directors and/or Class A Directors shall be synonymous.

Section 3. Removal.

(a) Class A Directors. At any regular or special meeting duly called, any one (1) or more of the Class A Directors may be removed, with or without cause, as provided herein, and a successor may then and there be elected to fill the vacancy so created. Unless the entire Board is removed from office by the vote of the Association's Members, an individual Director shall not be removed prior to the expiration of his term of office if the number of votes cast against his removal would be sufficient to elect the Director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of Directors authorized at the time of the most recent election of the Director were then being elected. A Director who has been elected to office solely by the votes of Members of the Association, other than the Declarant, may be removed from office prior to the expiration of his term of office only by the vote of at least a simple majority of the voting power residing in Members, other than the Declarant.

(b) Class C Directors. Class C Directors may be removed only by the Class C Member.

Section 4. Vacancies. Vacancies on the Board (other than Class C Directors during their first three years of directorship) caused by any reason, other than the removal of a Director by a vote of the Association's Members, shall be filled by vote of a majority of the remaining Directors, even though they may constitute less than a quorum, and each Director so elected shall serve for the remainder of the term of the Director he replaces. In the event that a majority of the remaining Directors are unable to agree upon a successor within forty-five (45) days following the occurrence of a vacancy, a special election to fill the vacancy shall then be held in accordance with the terms provided in the Article herein entitled "Nomination and

Election of Directors," within not less than ten (10) days nor more than thirty (30) days following the expiration of said forty-five (45) day period. Notice of a special meeting and election shall be given in accordance with the terms provided in the Article herein entitled "Nomination and Election of Directors." A vacancy of a Class C Director shall be filled only by the appointment of the Class C Member.

Section 5. Compensation of Directors. No Director shall receive compensation for any service he may render to the Association, except as permitted under the Article contained in the Declaration entitled "Powers and Duties of the Association"; provided, however, that a Director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE VI

NOMINATION AND ELECTION OF CLASS A DIRECTORS

Section 1. Nomination. Nomination for election to the Board may be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Board, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the Members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not fewer than the number of vacancies that are to be filled. Nominations may be made from among Members or non-Members so long as the Class B membership exists. Thereafter, nominations shall only be made from among Members. When a Condominium is owned by more than one person, although all such persons are Owners as well as Members of the Association, in no event may more than one (1) Owner of the same Condominium serve as a Director, officer or committee member at the same time as any other Owner of such Condominium.

Section 2. Election. Election to the Board shall be by secret written ballot at the annual meeting. At such election, the Members may cast, with respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons

receiving the largest number of votes shall be elected. Cumulative voting is required for all elections in which two (2) or more positions are to be filled; provided, however, that all cumulative voting hereunder shall comply with the procedural prerequisites of California Corporations Code, Section 7615(b), as same may be amended from time to time, which provides that no Member shall be entitled to cumulate votes for a candidate or candidates unless such candidate's or candidates' names have been placed in nomination prior to the voting, and a Member has given notice at the meeting prior to the voting of said Member's intention to cumulate votes. If any one (1) Member has given such notice, all Members (including Declarant) shall have the right to cumulate votes and give one (1) candidate, or divide among any number of candidates, a number of votes equal to the total number of votes to which said Member is entitled to vote upon other matters multiplied by the number of Directors to be elected.

Section 3. Special Class A Voting Procedures. Notwithstanding any other provision herein or in any other document regarding this Project to the contrary, after the first election of the Board and thereafter for so long as a majority of the voting power of the Association resides in the Declarant, or so long as there are two (2) outstanding classes of membership in the Association, not less than forty percent (40%) of the incumbents on the Board (i.e., two [2] directors) shall be elected solely by the votes of Owners, other than the Declarant. The election of Directors shall be first held by the Members, other than Declarant, who shall elect the number of Directors to the Board which represents forty percent (40%) of the Board (i.e., two [2] Directors). Any Owner, with the exception of Declarant, shall be an eligible candidate for this special election. Such election shall be by written ballot unless a majority of the Members, other than Declarant, determine otherwise. Except as otherwise provided herein regarding Class C Directors, the remaining Directors shall be elected in accordance with the cumulative voting procedures established herein.

ARTICLE VII

MEETINGS OF DIRECTORS

Section 1. Regular and Special Meetings. Regular meetings of the Board shall be held monthly, or as otherwise determined by the Board, but not less than twice a year, and on such day and at such hour as may be fixed, from time to time, by resolution of the Board. Should

said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday, or as otherwise determined by the Board. Notice of the time and place of a regular meeting shall be posted at a prominent place or places within the Association Property, and shall be given by mail to any Member who has requested notification of Board meetings by mail at the address requested by such Member. Unless the time and place of the meetings of the Board has been fixed by the Directors, written notice shall be communicated to the Directors not less than four (4) days prior to the meeting by first class mail, or forty-eight (48) hours notice may be given if the notice is delivered personally, or communicated to the Director by telephone, facsimile, or other electronic transmission. Notwithstanding the foregoing, notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting or who attends the meeting without protest. Special meetings of the Board shall be held when called by the President of the Association or by two (2) Directors, other than the President, after not less than four (4) days' written notice to each Director by first class mail, or forty-eight (48) hours notice may be given if such notice is delivered personally or communicated to the Director by telephone, facsimile, or other electronic transmission; provided however, notice of the meeting need not be given to any Director who has signed a waiver of notice or written consent to holding the meeting or who attends the meeting without protest. Notice of a special meeting shall be posted at a prominent place or places within the Association Property, and shall be given by mail to any Member who had requested notification of special meetings of the Board by mail at the address requested by such Member. The notice shall specify the time and place of the meeting and the nature of any special business to be transacted. Regular and special meetings of the Board shall be open to all Members of the Association; provided, however, Members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board. The Board may, with the approval of a majority of its Members present at a meeting in which a quorum for the transaction of business has been established, adjourn a meeting and reconvene in executive session to discuss and/or vote upon personnel matters, litigation in which the Association is or may become involved, contracts with third parties and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open

session. Any matter discussed in executive session shall be generally noted in the minutes of the Board.

Section 2. Meetings of Directors. The meetings of the Directors shall be held at the Project or as may be designated by the Board. Directors may participate in a meeting by means of a conference telephone conversation so long as all Directors participating in such meeting can hear one another. Such participation shall be deemed to constitute the presence in person at such meeting.

Section 3. Rights of Members to Attend Board Meetings. Any Member of the Association may attend meetings of the Board, except when the Board adjourns to executive session to consider litigation, matters that relate to contracts with third parties, or personnel matters. In any matter relating to the discipline of a Member, the Board shall meet in executive session if requested by that Member, and the Member shall be entitled to attend the executive session.

Section 4. Minutes of Board Meetings. The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the Board, other than an executive session, shall be available to Members within thirty (30) days of the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any Member of the Association upon request and upon reimbursement of the Association's costs in making that distribution.

Members of the Association shall be notified in writing at the time that the pro forma budget required in Section 1365 of the California Civil Code, as amended from time to time, is distributed, or at the time of any general mailing to the entire membership of the Association, of their right to have copies of the minutes of meetings of the Board. The minutes may be obtained in accordance with the provisions of the Article herein entitled "Inspection of Books and Records."

Section 5. Action Without Meeting. The Board may take any action without a meeting if all Members of the Board unanimously consent in writing to the action to be taken. If the Board resolves by unanimous written consent to take any such action, an explanation of the action taken shall be posted at a prominent place or places within the Association Property within three (3) days after the written consent of all Directors has been obtained.

Section 6. Conduct of Meetings. The President of the Association shall preside over all meetings of the Board held during the Board's term of office. In the event the President shall be absent from any meeting, said meeting shall be presided over by such other Director as may be elected by a majority of a quorum of the Directors. The Secretary of the Association shall act as Secretary of the Board, but in the event the Secretary shall be absent, the President or presiding Director may appoint any person to act as Secretary for the meeting.

Section 7. Quorum. A majority of the total number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VIII
POWERS AND DUTIES OF THE
BOARD OF DIRECTORS

Section 1. Powers. The Board, for and on behalf of the Association, shall have the right and power to do all things necessary to conduct, manage and control the affairs and business of the Association. Subject to the provisions of the Articles, the Declaration and these Bylaws, the Board shall have all of the powers authorized under the California Corporations Code for nonprofit, mutual benefit corporations.

Section 2. Duties. The Board shall perform and execute, for and on behalf of the Association, all of the duties which have been delegated to the Association as set forth in the Article entitled "Powers and Duties of the Association" in the Declaration.

Section 3. Initiating Construction Defect Claims Under Title 7 (Sections 895 et seq.) of the Civil Code. So long as a majority of the voting power of Members is held by Declarant, or so long as there are two or more outstanding classes of membership, the Board's decision of whether to initiate a claim under Title 7 of Part 2 of Division 2 of the California Civil Code ("Construction Claim") shall be decided by the Class A Directors at a meeting in which the quorum requirement for Board meetings was satisfied.

Section 4. Class A Member Approval. If a Construction Claim is not resolved pursuant to the non-adversarial procedures (such as those set forth in California Civil

Code Sections 910 through 938 or Civil Code Section 1375, and any successor statutes or laws), the Board shall not initiate adversarial proceedings (e.g., litigation, binding arbitration, etc.) with respect to a Construction Claim without first obtaining the approval of the Members other than Declarant, if so provided in the Declaration. Any Non-Declarant Member may call a special meeting of Members for this purpose.

ARTICLE IX

OFFICERS AND THEIR DUTIES

Section 1. Enumeration and Qualifications of Officers. The officers of this Association shall be a President, Vice President, Secretary and a Treasurer. Only Members in good standing may serve as an officer of the Association. Any Member serving as a Director of the Association may simultaneously serve as an officer thereof.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

Section 3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year, unless such officer shall sooner resign or shall be removed or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office at any time, with or without cause, by a majority of the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at such later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one (1) of any of the other offices, except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. Duties of the officers are as follows:

(a) President: The President shall preside at all meetings of the Members of the Association and the Board; shall see that orders and resolutions of the Board are carried out; shall co-sign all leases, mortgages, deeds and other written instruments, and shall co-sign all checks and promissory notes; provided, however, that the authority to co-sign all checks is assignable to a manager for the Project.

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

(c) Secretary: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; shall co-sign all contracts, leases or other instruments executed in the name of or on behalf of the Association; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association, together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts all moneys of the Association and shall disburse such funds as directed by resolution of the Board; shall co-sign all checks and promissory notes of the Association; provided, however, that the authority to co-sign all checks is assignable to a manager for the Project; keep proper books of account; cause such annual reports and financial reporting of the Association books to be made at the completion of each fiscal year, as provided for in the Declaration, and shall cause to be prepared an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

Section 9. Compensation of Officers. No officer shall receive any compensation for services performed to the Association, except as permitted under the Article contained in the Declaration entitled "Powers and Duties of the Association"; provided, however,

that an officer may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE X

OBLIGATIONS OF MEMBERS

Section 1. Assessments. All Members are obligated to pay, in accordance with the provisions of the Declaration, all Assessments imposed by the Association. All delinquent Assessments shall be enforced, collected or foreclosed in the manner provided in the Declaration.

Section 2. Repair and Maintenance. Every Member shall be responsible, at his sole cost and expense, for all maintenance and repair work on his Condominium, as required in the Article of the Declaration entitled "Repair and Maintenance."

Section 3. General Obligations of Members. Without limiting the generality of the preceding Sections, all Members shall comply with the provisions of the Master Association Documents and of the Association Documents.

ARTICLE XI

COMMITTEES

Section 1. Appointment of Committees. The Board may appoint a Nominating Committee and such other committees as deemed appropriate in carrying out its purposes.

ARTICLE XII

INSPECTION OF BOOKS AND RECORDS

Section 1. Availability of Books and Records. Members of the Association shall have access to the Association's records in accordance with Section 8330 et seq. of the California Corporations code, as same may be amended from time to time, and in accordance with the provisions of the Declaration. Notwithstanding the foregoing, the membership register, including mailing addresses and telephone numbers, books of account and minutes of meetings of the Members, of the Board and of any and all committees shall be made available for

inspection and copying by any Member of the Association, or by his duly-appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a Member, at the office of the Association or at such other place within the Project as the Board shall prescribe.

Section 2. Rules Concerning Inspection. The Board shall establish reasonable rules with respect to:

- (a) Notice to be given to the custodian of the records by the Member desiring to make the inspection;
 - (b) Hours and days of the week when such an inspection may be made;
- and
- (c) Payment of the cost of reproducing copies of documents requested by a Member.

Section 3. Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association, and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents.

ARTICLE XIII

NOTICE AND HEARING

Section 1. Suspension of Privileges. In the event of an alleged violation of the Declaration, these Bylaws or the Rules and Regulations of the Association, and after written notice of such allegation, as provided below, the Board shall have the right, after conducting a hearing on the matter, as provided below, to discipline any Member by taking any one (1) or more of the following actions: (a) levying a Compliance Assessment as provided in the Declaration; (b) suspending or conditioning the right of said Member to use any recreational facilities located within the Project; (c) suspending said Member's voting privileges; or (d) imposing a monetary penalty as provided below. Any suspension shall be for a period of time not exceeding thirty (30) days for any non-continuing violation, but in the case of a continuing violation, including, without limitation, the nonpayment of Assessments which have become delinquent, the suspension may be imposed so long as the violation continues.

Section 2. Notice to Member. Written notice of the alleged violation shall be delivered personally or mailed to the Member by first class or registered mail, return receipt requested, at least fifteen (15) days before the proposed hearing on said alleged violation. Said notice shall contain: (a) an explanation in clear and concise terms of the nature of the alleged violation; (b) a reference to provisions of the Declaration, the Rules and Regulations or these Bylaws which said Member is alleged to have violated; (c) the date, time and place for the hearing; and (d) the Member's right to attend the hearing and to address the Board..

Section 3. Hearing. Unless otherwise requested by the Member being disciplined that the hearing being conducted in executive session, the hearing shall be conducted by the Board, in open session, who shall hear the charges and evaluate the evidence concerning the alleged violation. At the hearing, said Member shall have the right to present oral or written evidence concerning the alleged violation. The Board shall render its decision concerning the alleged violation to said Member not less than five (5) days after the hearing, and within fifteen (15) days after the hearing, the Board shall provide by either personal delivery or first-class mail a written explanation of the suspension, fine or conditions, if any, imposed by the Board.

Section 4. Monetary Penalties. If the Board adopts a policy regarding the imposition of any monetary penalty (including a Compliance Assessment) on any Member due to a violation of the Association Documents (including any monetary penalty relating to the activities of a family member, guest or invitee of a Member), the Board shall adopt and distribute to each Member, by personal delivery or first-class mail, a schedule of the monetary penalties that may be assessed for those violations. The Board shall not be required to distribute any additional schedules of monetary penalties unless there are changes from the schedule previously adopted and distributed to the Members.

ARTICLE XIV

AMENDMENTS

Section 1. Amendments to Bylaws. So long as the two-class voting structure provided for herein shall remain in effect, these Bylaws may be amended only by the vote or written assent of sixty-seven percent (67%) of the voting power of each class of Members. At

such time as the Class B membership shall cease and be converted to Class A membership, amendments to these Bylaws shall be enacted by requiring the vote or written assent of:

(a) Sixty-seven percent (67%) of the total voting power of the Association; and

(b) Sixty-seven percent (67%) of the votes of Members, other than the Declarant.

Notwithstanding the foregoing, the percentage of a quorum of the Members or of the votes of Members, other than the Declarant, necessary to amend a specific provision in these Bylaws shall not be less than the prescribed percentage of affirmative votes required for action to be taken under said provision.

ARTICLE XV

CORPORATE SEAL

Section 1. Seal. The Association shall have a seal in circular form having within its circumference the words:

TREO MAINTENANCE ASSOCIATION

ARTICLE XVI

MISCELLANEOUS

Section 1. Director and Officer Liability. Subject to the provisions of Section 1365.7 of the California Civil Code, as amended from time to time, any person who suffers injury, including, but not limited to, bodily injury, emotional distress, wrongful death, property damage or loss as a result of the tortious act or omission of a volunteer officer or volunteer Director of the Association shall not recover damages from a volunteer officer or volunteer Director if all of the following criteria are met:

(a) The act or omission was performed within the scope of the officer's or Director's duties (including, but not limited to, decisions whether to conduct an investigation of the Project for latent deficiencies prior to the expiration of the

applicable statute of limitations, and/or whether to commence a civil action against the builder for defects in design or construction).

(b) The act or omission was performed in good faith.

(c) The act or omission was not willful, wanton or grossly negligent.

(d) The Association maintained and had in effect at the time the act or omission occurred and at the time a claim is made one or more policies of insurance which includes coverage for general liability of the Association and individual liability of officers and Directors of the Association for negligent acts or omissions in that capacity; provided that both types of coverage are in the following minimum amounts:

(1) At least five hundred thousand dollars (\$500,000) if the Project consists of one hundred (100) or fewer Condominiums;

(2) At least one million dollars (\$1,000,000) if the Project consists of more than one hundred (100) Condominiums.

The payment of actual expenses incurred by a Director or officer in the execution of the duties of that position does not affect the Director's or officer's status as a volunteer within the meaning of this Section.

An officer or Director who at the time of the act or omission received either direct or indirect compensation as an employee from Declarant, or from a financial institution that purchased a Condominium at a judicial or nonjudicial foreclosure of a Mortgage is not a volunteer for the purposes of this Section.

Nothing in this Section shall be construed to limit the liability of the Association for its negligent acts or omissions or for any negligent act or omission of any officer or Director of the Association.

This section shall only apply to a volunteer officer or Director who resides in the Project either as a tenant or as an Owner of no more than two Condominiums.

Section 2. Indemnification of Directors and Officers. To the maximum extent permitted by law, the Association shall defend, indemnify and hold harmless all Directors, officers, employees and "agents" (as defined in Section 7237 of the California Corporations Code) of the Association (collectively the "Association Representatives"), from and against all claims, costs, expenses and other liability which may be imposed upon or reasonably incurred by

an Association Representative, including reasonable settlement payments, in connection with any claim, action, suit or proceeding, or threat thereof, made or instituted, in which such Association Representative may be involved or be made a party by reason of being or having been an Association Representative or by any action alleged to have been taken or omitted by such Association Representative whether or not the claim asserted is based on matters which arose in whole or in part prior to the adoption of this Section, and in the event of the death of the Association Representative, shall extend to the legal representatives of such person. The right of indemnification provided in this Section shall not be exclusive of any other rights to which any person may be entitled as a matter of law, under any agreement or otherwise.

Section 3. Fiscal Year. The fiscal year of the Association shall be determined by the Board, and having been so determined, is subject to change, from time to time, as the Board shall determine.

Section 4. Checks and Drafts. All checks, drafts or other order for payments of money, notes or other evidences of indebtedness issued in the name of or payable to the Association shall be signed or endorsed by the President and Treasurer, or in such manner as, from time to time, shall be determined by resolution of the Board.

Section 5. Execution of Documents. The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances, and unless so authorized by the Board, 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, or to render it liable for any purpose or in any amount.

Section 6. Dissolution. Any dissolution of the Association shall require the approval of the Board and the vote or written consent of both: (a) individual Members exercising at least sixty-seven percent (67%) of the total voting power of the Association residing in Members, other than Declarant, and (b) sixty-seven percent (67%) of the Eligible Mortgage Holders Mortgagees (based upon one [1] vote for each first Mortgage owned). Upon the winding-up and dissolution of the Association, after paying or adequately providing for the debts and obligations of the Association, the remaining assets shall be distributed to an appropriate

Public Agency or any nonprofit corporation, association or trust, to be used for purposes similar to those for which the Association was created.

Section 7. Conflict. In the case of any conflict between the Articles and these Bylaws, the Articles shall control, and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

* * *

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of TREO MAINTENANCE ASSOCIATION, a California nonprofit, mutual benefit corporation; and

2. That the foregoing Bylaws, consisting of 23 pages, constitute the original Bylaws of said corporation, as duly adopted at the first meeting of the Board of Directors thereof duly held _____, 2004.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said corporation this ____ day of _____, 2004.



SECRETARY,