

1998 AMENDED AND RESTATED

BYLAWS OF

CORONADO SHORES CONDOMINIUM ASSOCIATION NO. 9
A Residential Condominium Development

AMENDED AND RESTATED BYLAWS
OF
CORONADO SHORES CONDOMINIUM ASSOCIATION NO. 9

ARTICLE I

NAME

The name of the corporation is CORONADO SHORES CONDOMINIUM ASSOCIATION NO. 9, hereinafter referred to as the "Association". These Restated Bylaws amend and restate, in their entirety, the Bylaws of Coronado Shores Condominium Association No. 9, ("Original Bylaws"). In accordance with Section 1 of Article XVI of the Original Bylaws, these Restated Bylaws have received the approval of at least fifty-one percent (51%) of the Members.

ARTICLE II

DEFINITIONS

Unless otherwise specified in these Restated Bylaws, the definitions set forth in Article II of the Restated Declaration of Restrictions for Coronado Shores No. 9, Parcel C recorded on _____, 19____ as File/Page No. _____ of Official Records of the County Recorder of San Diego County, apply to these Restated Bylaws.

ARTICLE III

MEMBERSHIP

Section 1. Membership. Every person or entity who is an Owner of a Condominium which is subject by the Restated Declaration to assessment by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No Owner shall have more than one membership for each Condominium owned. Membership shall be appurtenant to and may not be separated from ownership of any Condominium which is subject to assessment by the Association. Ownership of such Condominium shall be the sole qualification for membership.

Section 2. Suspension of Membership. During any period in which a Member shall be in default in the payment of any assessment levied by the Association, the Member's voting rights and right to use the recreational facilities on the Common Areas may be suspended by the Board of Directors until such assessment has been paid. Such rights of a Member may also be suspended, after notice

and hearing, for a period not to exceed thirty (30) days, for any single infraction of any rules and regulations established by the Board of Directors governing the use of the Common Areas.

Section 3. Multiple Ownership. Ownership of a Condominium shall give rise to a single membership vote in the Association. Fractional votes shall not be allowed. When there is more than one (1) record Owner of a Unit (co-owners), all of the co-owners shall be Members with equal rights to use and enjoy the Common Area facilities, but only one (1) of them shall be entitled to cast the single vote attributable to the Unit. Co-owners may designate in writing one (1) of the co-owners to vote. If no such designation is made or if it is revoked, the co-owners shall decide among themselves, by majority vote, how that Unit's vote is to be cast. Unless the Board receives a written objection in advance from a co-owner, it shall be conclusively presumed that the voting co-owner is acting with the consent of his or her co-owners. No vote shall be cast for the Unit on a particular matter if a majority of the co-owners present in person or by proxy cannot agree on a vote.

ARTICLE IV

PROPERTY RIGHTS - RIGHTS OF ENJOYMENT

Section 1. Each Member shall be entitled to the use and enjoyment of the Common Areas as provided in the Restated Declaration. Any Member may delegate his rights of enjoyment of the Common Areas to the members of his family who reside with him in his Condominium; to his tenants who reside in his Condominium; or contract purchasers who reside in his Condominium. Such Member shall notify the Secretary of the Association in writing of the name of any such delegee. The rights and privileges are subject to suspension to the same extent as those of the Member. If an Owner is deemed to have assigned such rights of enjoyment of the Common Areas, the Owner and the Owner's family, guests, employees and invitees shall not be entitled to use and enjoy the Common Area for so long as the assignment remains effective.

ARTICLE V

MEETINGS OF MEMBERS

Section 1. Place of Meetings. Meetings of the Association shall be held at the principal office of the Project or such other suitable place convenient to the Members, as may be designated by the Board of Directors; provided, however, that all meetings shall be held in San Diego County, the State of California. Meetings of Members shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Board of Directors may adopt by resolution.

Section 2. Annual Meetings. The annual meeting of the Association shall be held within fifteen (15) days of March 1. At such meetings there shall be elected by ballot of the Owners a Board of Directors in accordance with the requirements of Article VII of these Restated Bylaws. The Owners may also transact such other business of the Association as may properly come before them.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the Association (Corporations Code Section 7510e) upon request of (1) the Board, (2) the President, or (3) upon petition signed by twenty percent (20%) of the Owners having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No other business shall be transacted at a special meeting. A special meeting in response to petition of twenty percent (20%) of the Owners shall be called within twenty (20) days of receipt of the petition and the meeting held not less than thirty-five (35) days nor more than ninety (90) days from the receipt of the petition.

Section 4. Notice and Place of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the date, time and place where it is to be held to each Member entitled to vote thereat at least ten (10) but not more than ninety (90) days prior to such meeting and 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. The mailing of a notice in the manner provided in this Section 4 shall be considered notice served.

Section 5. Voting. Voting shall be on a Unit basis. Only one vote may be cast for each Unit. The Owner or co-owners of each Unit shall be entitled to one (1) vote for the Unit. Voting may occur in person or by proxy.

Section 6. Majority of Owners. As used in these Restated Bylaws, the term "majority of Owners" shall mean those Owners holding more than fifty percent (50%) of the total votes in accordance with the voting provisions contained herein and the Restated Declaration.

Section 7. Quorum. Except as otherwise provided in these Restated Bylaws, the presence in person or by proxy of those Owners holding thirty three and one-third percent (33 1/3%) of the total votes, in accordance with the voting provisions contained herein and the Restated Declaration shall constitute a quorum. For purposes of establishing a quorum and determining the total voting power of the Association, if a Members' voting rights are suspended as provided in the Governing Documents, the total voting power of the Association shall be reduced for the period of time for which

the suspension is in effect by an amount equal to the number of Units for which membership voting rights have been suspended.

Section 8. Proxies. Votes may be cast in person or by proxy. Proxies must be in writing and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by an Owner of his Unit.

Section 9. Adjourned Meetings. If any meeting of the Association cannot be officially held because a quorum has not attended, the Members who are present, either in person or by proxy, may as otherwise provided by law adjourn the meeting to a time not less than forty-eight (48) hours nor more than thirty (30) days from the time the original meeting was called, at which meeting the requirement for a quorum shall be twenty-five percent (25%) of the Members.

Section 10. Action Without a Meeting. Any action required by the law to be taken at a meeting of the Members, or any action which may be taken at a meeting of Members may be taken without a meeting if the Association distributes a written ballot to every Member entitled to vote with respect to the subject matter thereof.

Section 11. Written Ballots. A written ballot may not be revoked once it is mailed to or delivered to the Association. The ballot shall provide a reasonable time, to be determined by the Board of Directors, within which it is to be returned to the Secretary to be considered valid. Any vote by written ballot shall comply with Corporations Code Section 7513 or any successor statute.

Section 12. Order of Business. The order of business at all meetings of the Association shall be as follows:

- (a) Roll Call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Election of directors.
- (g) Unfinished business.
- (h) New business.

ARTICLE VI

ADMINISTRATION

Section 1. Compliance with Statute. All activities to enforce the provisions of the Governing Documents shall be conducted in accordance with all applicable laws, statutes and

ordinances including but not limited to, Civil Code Section 1354 or any successor statute or law.

Section 2. Association Responsibilities. The Association shall have all the powers of a nonprofit mutual benefit corporation organized under the California Nonprofit Mutual Benefit Corporation Law, subject to any limitations set forth in the Governing Documents. It may perform all acts that may be necessary for or incidental to the performance of the obligations and duties imposed upon it. Its powers shall include, but are not limited to:

(a) enforce applicable provisions of the Restated Declaration, these Restated Bylaws, Rules and Regulations or other documentation relating to the control and management of the Project;

(b) contract and pay premiums for fire, casualty, liability, workmens' compensation, and other insurance, including indemnity and other bonds;

(c) contract and pay for maintenance, gardening, utilities, materials and supplies and services relating to the Common Areas, and employ personnel reasonably necessary for the operation of the Project including lawyers and accountants where appropriate;

(d) participate in any common maintenance and use scheme involving other Lots and Parcels within Coronado Shores Map No. 6641 and Parcel Map No. 1262;

(e) pay taxes and special assessments which are or would become a lien on the Project or Common Areas;

(f) where appropriate, pay for reconstruction of any portion or portions of the Project damaged or destroyed which are to be rebuilt;

(g) delegate its powers to officers, agents and committees; and

(h) enter into any Unit when necessary in connection with maintenance or construction for which the Association is responsible, or in a case of emergency originating in or threatening any Unit.

ARTICLE VII

BOARD OF DIRECTORS - SELECTION - TERM OF OFFICE

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of

five (5) persons, all of whom must be Owners of record of Units in the Project.

Section 2. Election and Term of Office. The terms of office of all members of the Board shall be staggered two year terms, with two terms expiring in even-numbered years, and three terms expiring in odd-numbered years. To initiate staggered terms at the 1993 annual meeting the two (2) directors elected with the most votes shall serve a two-year term, and the three (3) directors elected with the least votes shall serve a one-year term. Thereafter, directors shall be elected for two-year terms. Directors shall be elected at each annual meeting to fill those positions held by directors whose terms are then expiring. There shall be no limit to the number of consecutive terms to which a director may be re-elected. Each director shall hold office until the election of his or her successor or until the director's death, resignation or removal. Directors shall be elected at each annual meeting to fill (i) those positions of directors whose terms are due to expire, and (ii) any other vacant positions on the Board. A director who is appointed by the Board as a result of a formal written resignation, death, or removal for cause of a seated director shall fill out the term of his predecessor.

(a) Members of the Board of Directors shall be elected by a plurality of the votes cast at the annual meeting of the Members of the Association.

(b) Every Member entitled to vote at any election for directors or for the removal of directors of the Association may cast one vote for each candidate of his choice, but not to exceed the total number of positions to be filled. Votes may not be cumulated.

Section 3. Vacancies. Vacancies in the Board of Directors caused by written resignation by a Member or any other reason except the removal of a director by a vote of the Association shall be filled by a vote of the majority of the remaining directors even though they may constitute less than a quorum. The Board may declare vacant the office of a director if the director is absent from four (4) consecutive regular meetings or when a director is more than sixty (60) days delinquent in payment of his assessment obligation to the Association.

Section 4. Directors' Fees. Directors shall not receive any fees or other compensations for their service on the Board except reimbursement for actual out of pocket expenses incurred by the director in performance of his or her duties.

Section 5. Manner of Acting. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater

number is required by law or by these Restated Bylaws or the Restated Declaration. Any action required or permitted to be taken by the Board of Directors under any provision of this division may be taken without a meeting if all members of the Board shall individually or collectively consent in writing to such action. Such written consent shall be filed with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as a unanimous vote of such directors.

Section 6. Nominations. The directors shall actively seek potential candidates for nomination to replace directors who are not seeking reelection. Any Owner of record who desires to be listed on the ballot for the election of directors may submit his name together with a brief resume of his qualifications to the Secretary of the Board. Further, any Member present 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. Association funds may not be expended to support a nominee for director.

Section 7. Election Inspectors.

(a) In advance of any meeting of Members, the Board may appoint inspectors of election to act at the meeting and any adjournment thereof. If inspectors of election are not so appointed, or if any persons so appointed fail to appear or refuse to act, the chairman of any meeting of Members may, and on the request of any Member or a Member's proxy shall, appoint inspectors of election (or persons to replace those who so fail or refuse) at the meeting. The number of inspectors shall be either one or three. If appointed at a meeting on the request of one or more Members or proxies, the majority of Members represented in person or by proxy shall determine whether one or three inspectors are to be appointed. In the case of any action by written ballot (Corporations Code Section 7513) the Board may similarly appoint inspectors of election to act with powers and duties as set forth in this Article VII.

(b) The inspectors of election shall determine the number of memberships outstanding and the voting power of each, the number represented at the meeting, the existence of a quorum and the authenticity, validity and effect of proxies, receive votes, ballots or consents, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes or consents, determine when the polls shall close, determine the result and do such acts as may be proper to conduct the election or vote with fairness to all Members.

(c) The inspectors of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there are three inspectors of election, the decision, act or certificate of a majority is

effective in all respects as the decision, act or certificate of all. Any report or certificate made by the inspectors of election is prima facie evidence of the facts stated therein.

ARTICLE VIII

MEETING OF DIRECTORS

Section 1. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the directors at the meeting at which such directors were elected, and no notice shall be necessary to the newly elected directors who were present when the meeting was scheduled in order legally to constitute such meeting, providing a majority of the whole Board of Directors shall be present.

Section 2. Regular Meeting. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time, by a majority of the directors. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, telephone or facsimile, at least seven (7) days prior to the day named for such meeting. An emergency meeting of the Board may be called by the President, or by any two (2) Board members if there are circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board, and which of necessity make it impracticable to provide notice as required herein.

Section 3. Open Meetings. Regular and special meetings except executive sessions of the Board shall be open to all Members of the Association. Members who are not on the Board may speak subject to reasonable time limitations established by the Board.

Section 4. Executive Session. The Board may, with the approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to meet with its legal counsel, or discuss and vote upon (a) litigation in which the Association is or may become involved, (b) matters that relate to the formation of contracts with third parties, (c) personnel matters, and (d) 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. In the event the executive session does not follow an open session, the Board may conduct an executive session if the agenda of such executive session is announced at the next regularly scheduled Board meeting. Nothing herein contained shall be construed to obligate the Board to first call an open meeting before meeting in executive session. An executive session which does not follow an open meeting may be called and noticed in the same manner as a special meeting. Any matter discussed in executive session shall be generally noted in the Association minutes.

Section 5. Board Deliberation Regarding Member Discipline. In any matter relating to the disciplining of a Member, the Board shall meet in executive session if requested by that Member, and the Member shall be entitled to attend that portion of the executive session in which the Board discusses the discipline of that Member.

Section 6. Meeting Minutes. The Board shall keep accurate written minutes of its meetings, and shall retain them in the permanent records of the Association. The minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes of any Board meeting, other than 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 upon request. Members shall be notified at the time that the budget is distributed of their right to have copies of the minutes of meetings of the Board and how and where those minutes may be obtained.

ARTICLE IX

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association, to adopt rules, impose fines for violations thereof, and regulate the use of Units (i.e. requiring residential use, prohibiting time shares and other nuisances). These powers shall include but not be limited to the power to adopt and publish rules and regulations governing the use of the Units and Common Areas and the personal conduct of the Members and their guests within the Project.

Section 2. Other Duties. In addition to duties imposed by these Restated Bylaws or by resolutions of the Association, the Board of Directors shall be responsible for the following:

(a) Care, upkeep, and orderly operation of the Project, the Common Areas, and the Restricted Common Areas and Facilities.

(b) Collection of assessments from the Owners.

(c) Review a current reconciliation of the Association's operating accounts on at least a quarterly basis.

(d) Review a current reconciliation of the Association's reserve accounts on at least a quarterly basis. Reserve accounts are funds that the Association's Board of Directors have identified for use to defray the future repair or

replacement of, or additions to those major components which the Association is obligated to maintain.

(e) Review, on at least a quarterly basis, the current year's actual reserve revenues and expenses compared to the current year's budget.

(f) Review the latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts.

(g) Review an income and expense statement for the Association's operating and reserve accounts on at least a quarterly basis.

(h) Cause to be conducted, at least once every three (3) years, a reasonably competent and diligent visual inspection of the accessible areas of the major components which the Association is obligated to repair, replace, restore or maintain, as part of a study of the reserve account requirements of the Project if the current replacement value of the major components is equal to or greater than one-half (1/2) of the gross budget of the Association, excluding the Association's reserve accounts, for that period. The Board shall review this study annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review. This study shall, at a minimum, include:

(1) Identification of the major components which the Association is obligated to repair, replace, restore or maintain which, as of the date of the study, have a remaining useful life of less than thirty (30) years.

(2) Identification of the probable remaining useful life of the components identified in (1), above, as of the date of the study.

(3) An estimate of the cost of repair, replacement, restoration or maintenance of the components identified in (1), above, during and at the end of their useful life.

(4) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore or maintain the components identified in (1), above, during and at the end of their useful life, after subtracting total reserve funds as of the date of the study. (e.g. If a component costs \$100,000 to replace, \$50,000 is currently set aside in the reserves for its replacement, and it has an estimated 10 years of remaining life, then the estimate of the total annual contribution to reserves for this component should be \$5000).

As used herein, the term "reserve account requirements" means the estimated funds which the Board has determined are required to be available at a specified point in time to repair, replace, or restore those major components which the Association is obligated to maintain.

(i) Designation and dismissal of any personnel necessary for the maintenance and operation of the Project, the Common Areas, and the Restricted Common Areas and Facilities.

(j) Supervise performance of all officers, agents and employees of the Association and see to it that their duties are properly performed.

Section 3. Management Agent. The Board of Directors may employ for the Association a manager or management agent at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize including, but not limited to, the duties listed in Section 2 of this Article; provided that no such manager or managing agent shall be employed for a period in excess of one (1) year without the approval of a majority of the Members.

Section 4. Removal of Directors. At any annual or special meeting of the Association duly called, any one or more of the directors may be removed without cause by a majority of a quorum of the Members of the Association and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting.

ARTICLE X

NONLIABILITY AND INDEMNIFICATION

Section 1. Limitation on Liability of Association's Directors and Officers. No directors or officers of the Association (collectively and individually referred to as the "Released Party") shall be responsible to any Owner, any member of an Owners' family, any of the Owners' tenants, guests, servants, employees, licensees, invitees, or any other person for:

(a) Any error or omission in the discharge of their duties and responsibilities or for their failure to provide any service required by the Governing Documents, provided that such Released Party has, upon the basis of such information as may be possessed by the Released Party, acted in good faith, in a manner that such person believes to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. Without limiting the generality of the

foregoing, this standard of care and limitation of liability shall extend to such matters as the establishment of the Association's annual financial budget, the funding of Association capital replacement and reserve accounts, repair and maintenance of Common Areas and enforcement of the Governing Documents.

(b) Any loss or damage suffered by reason of theft or otherwise of any article, vehicle or other item of personal property which may be stored by such Owner or other person within any Unit or Exclusive Use Common Area or for any injury to or death of any person or loss or damage to the property of any person caused by fire, explosion, the elements or any other Owner or person within the Project, or by any other cause, unless the same is attributable to his or her own willful or wanton act or gross negligence. It is the intent of this Section to provide volunteer directors and officers with protection from liability to the full extent permitted by California Civil Code Section 1365.7, or comparable superseding statute, and to the extent this provision is inconsistent with said section, the Civil Code shall prevail.

Section 2. Indemnification of Association. Each Owner shall be liable to the Association for any damage to the Common Areas caused by the negligence or willful misconduct of the Owner or his or her family, guests, invitees or lessees. Each Owner shall indemnify, hold harmless, and pay any costs of defense of each other Owner from claims for personal injury or property damage occurring within any Unit owned by the indemnitor, provided that this protection shall not extend to any indemnitee whose gross negligence or willful misconduct caused or contributed to the injury or damage. This Section is not intended to be for the benefit of any insurer and shall not affect nor limit the duty of any insurer to pay any claim which would be payable by said insurer but for this Section.

Section 3. Indemnification by Association of Directors, Officers, Employees and Other Agents. To the fullest extent permitted by law, the Association shall indemnify its directors, officers, employees, and other agents described in Corporations Code Section 7237, including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding" as that term is used in Corporations Code Section 7237 and including an action by or in the right of the Association, by reason of the fact that such person is or was a person described by that Section. "Expenses," as used in this Section, shall have the same meaning as in Corporations Code Section 7237(a).

Section 4. Approval of Indemnity by Association. On written request to the Board by any person seeking indemnification hereunder, the Board shall promptly determine in accordance with

Corporations Code Section 7237(e), whether the applicable standard of conduct set forth in Corporations Code Section 7237(b) or Section 7237(c) has been met, and if it has, the Board shall authorize indemnification. If the Board cannot authorize indemnification because the number of Directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of Directors who are not parties to the proceeding, the Board shall promptly call a meeting of Members. At that meeting, the Members shall determine under Corporations Code Section 7237(e) whether the applicable standard of conduct set forth in Corporations Code Section 7237(b) or Section 7237(c) has been met, and if it has, the Members present at the meeting in person or by proxy shall authorize indemnification.

Section 5. Advancement of Expenses. To the fullest extent permitted by law and except as is otherwise determined by the Board in a specific instance, expenses incurred by a director, officer, employee or agent seeking indemnification under Sections 2 and 3 of this Article in defending any proceeding covered by those Sections shall be advanced by the Association before final disposition of the proceeding, on receipt by the Association of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the Association for those expenses.

Section 6. Insurance. The Association shall have the power to purchase and maintain insurance on behalf of its directors, officers, employees or other agents against other liability asserted against or incurred by any director, officer, employee or agent in such capacity or arising out of the director's, officer's, employee's or agent's status as such.

ARTICLE XI

OFFICERS

Section 1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be chosen by and from the Board of Directors. The offices of Secretary and Treasurer may not be held by the same person. The Board of Directors may appoint an assistant treasurer and assistant secretary, and such other officers as in its judgment may be necessary.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board of Directors.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer

may be removed without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

Section 4. Resignation of Officers. Any officer may resign at any time by giving notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on 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 may be filled by the Board of Directors. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 6. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of an association, including, but not limited to, the power to appoint committees from among the Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association. The President shall serve as the Association's representative on the Roadway and Seawall Enforcement Committee, any successor committee or council.

Section 7. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board of Directors to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 8. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association. These minutes shall be reviewed and approved by the Secretary before official publication. The Secretary shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of secretary or as required by the Board of Directors.

Section 9. Treasurer. The Treasurer shall be responsible for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for the deposit of all moneys and other

valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

Section 10. Compensation of Employees. The compensation of all employees of the Association shall be fixed by the Board of Directors. The Board of Directors may not authorize the payment of any compensation, other than reimbursement for expenses incurred in carrying on the business of the Association, to Directors or officers of the Association for services performed in the conduct of the Association's business without the consent of a majority of the Class A Members of the Association.

Section 11. Delegation. With Board approval, an officer may delegate his or her powers and duties to any committee, employee or agent of the Association, including, but not limited to a community association manager.

ARTICLE XII

SUPPLEMENTARY PROVISIONS

Supplemental Provisions. Basic provisions governing the functions and activities of the Association are set forth in the Restated Declaration. To the extent not inconsistent with the Restated Declaration, the functions and activities of the Association shall be supplemented by the following provisions.

Section 1. Assessment Roll. The Association shall maintain an assessment roll in a set of accounting books in which there shall be an account for each Unit. Such an account shall designate the name and address of the Owner, the amount of each assessment against the Owner, the dates and amounts in which the assessment come due, the amounts paid upon the account and the balance due upon assessments.

Section 2. Budget-Reserves. The Board of Directors shall adopt a pro forma budget, which shall include a summary of the Association reserves based upon the most recent review or study which shall be printed in bold type and include the following:

(a) The current estimated replacement cost, and estimated remaining life of each major component.

(b) As of the end of the fiscal year for which the study is prepared:

(i) The current estimate of the cash reserves necessary to repair, replace, restore, or maintain the major components.

(ii) The current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain major components.

(iii) The percentage that the amount determined for purposes of clause (i) of subparagraph (b), above, is of the amount determined for purposes of clause (ii) of subparagraph (b), above.

(c) A statement as to whether the Board of Directors of the Association has determined or anticipates that the levy of one or more special assessments will be required to repair, replace, or restore any major components or to provide adequate reserves thereof.

(d) A general statement addressing the procedures used for the calculation and establishment of those reserves to defray the future repair, replacements or additions to those major components that the Association is obligated to maintain.

Section 3. Budget-Operating. The Board of Directors shall prepare a pro forma operating budget that provides estimated revenue and expenses of the Association on an accrual basis. A copy of this budget shall be annually distributed not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of the Association's fiscal year.

(a) A review of the financial statement of the Association shall be prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy for any fiscal year in which the gross income to the Association exceeds seventy-five thousand dollars (\$75,000). A copy of the review of the financial statements shall be distributed within one hundred twenty (120) days after the close of each fiscal year.

(b) In lieu of the distribution of the pro forma operating budget, the Board of Directors may elect to provide a summary of this budget at the business office of the Association and that copies will be provided upon request and at the expense of the Association. If any Member requests a copy of the pro forma operating budget required by subdivision (a) to be mailed to the Member, the Association shall provide the copy to the Member by first class U.S. mail at the expense of the Association and delivered within five (5) days. The written notice distributed to each of the Association members shall be in at least ten (10) point bold type on the front page of the summary.

Section 4. Delinquency Policy. A statement describing the Association's policies and practices in enforcing lien rights or other legal remedies for default in payment of its assessments against its members shall be annually delivered to the Members

during the sixty (60) day period immediately preceding the beginning of the Association's fiscal year.

Section 5. Use of Reserve Funds. Reserve funds may be used only for "repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components which the Association is obligated to repair, restore, replace or maintain." The Board is entitled to borrow reserve funds to meet short-term cash flow requirements or other expenses. In accordance with Section 1365.5(b) of the Civil Code, the withdrawal of reserve funds must be authorized in writing, executed by the Board President and Treasurer, or in their absence by two (2) members of the Board. The funds must be repaid within one (1) year or as otherwise allowed by statute. Under the provisions of Section 1366 of the Civil Code, the Association may levy a special assessment to repay the amount borrowed. This may be done by a Board vote which is subject to the limit of five percent (5%) of the budgeted gross expenses.

Section 6. Depository of Association Moneys. The depository of the moneys of the Association shall be one or more banks or other financial institutions as shall be designated from time to time by the Board of Directors. Withdrawal of moneys from such accounts shall be only by checks or withdrawal orders signed by any two (2) Board members. The manager may be authorized to sign checks, except for withdrawal from reserves, with prior Board approval.

Section 7. Fidelity Bonds. Fidelity bonds shall be required by the Board of Directors from all officers and employees of the Association and from any contractor handling or responsible for moneys of the Association. The amount of such bonds shall be determined by the Board of Directors. The premiums of such bonds shall be paid by the Association.

Section 8. Inspection of Accounting Books, Records and Minutes of Proceedings. The accounting books and records and minutes of proceedings of the Members and the Board and committees of the Board, except executive session, and a list of the names and addresses of the current Members shall be open to inspection upon the written demand on the Association of any Member with reasonable notice, for a purpose reasonably related to such person's interests as a Member. Any written demand shall state the purpose for which the inspection is desired.

ARTICLE XIII

FISCAL YEAR

The fiscal year of this corporation shall be the calendar year unless the Board of Directors shall designate a fiscal period ending other than on December 31.

ARTICLE XIV

AMENDMENT

Section 1. Restated Bylaws. These Restated Bylaws may be amended by the Association in a duly constituted meeting for such purposes and no amendment shall take effect unless approved by Owners representing more than fifty percent (50%) of the total voting power.

ARTICLE XV

NOTICE TO MORTGAGEES

The Association shall at the request of a Mortgagee of a Unit report any unpaid assessments due from the Owner of such Unit.

ARTICLE XVI

DISCIPLINARY ACTIONS AGAINST OWNERS

In connection with the general power of enforcement, the Association may discipline Owners for violation of any of the provisions of the Governing Documents by one or more of the following: (1) suspending the Member's membership rights, including the Member's voting rights, (2) imposing monetary fines, and (3) recording of a notice of noncompliance encumbering the Unit of the Owner, subject to the following limitations:

(a) The accused Owner shall be given at least fifteen (15) days prior written notice of the intention of the Board to meet and consider imposition of a suspension, monetary fine, notice of noncompliance or any combination of these, with respect to any alleged violation.

(b) At the Board meeting, the accused Owner shall be given an opportunity to be heard, orally or in writing.

(c) Notwithstanding the foregoing, under circumstances involving conduct that constitutes (a) an immediate and unreasonable infringement of, or threat to, the safety or quiet enjoyment of neighboring Owners; (b) a traffic or fire hazard; (c)

a threat of material damage to, or destruction of, the Common Area; or (d) a violation of the Governing Documents that is of such a nature that there is no material question regarding the identity of the violator or whether a violation has occurred (i.e. delinquent assessment payment or parking violations), the Board or its agents may undertake immediate corrective or disciplinary action and conduct a hearing as soon thereafter as reasonably possible, if either (1) requested by the offending Owner within five (5) days following the Association's actions, or (2) on its own initiative.

(d) The amount of any monetary penalties shall be established from time to time by the Board, and a schedule thereof shall be distributed to the Members by personal delivery or first class mail. Distribution of additional schedules is not required unless there are any changes to an existing schedule.

(e) An Owner's membership privileges may be suspended (i) for up to thirty (30) days for any violation of the Governing Documents, and (ii) during any period of time that the Owner is delinquent in the payment of assessments. Suspension of membership privileges shall include suspension of the right of a Member to vote at meetings of the Association and the right to use any Common Area facilities.

(f) Any notice of noncompliance shall identify the subject Unit, describe the nonconforming use, and specify the provision of the Governing Documents that is being violated. Upon the elimination of any nonconforming use, the Association shall execute and record an estoppel certificate, which shall reference any previously recorded notice of noncompliance, rescind said notice and confirm that the Unit is in compliance with all applicable Governing Documents provisions referenced in the notice of noncompliance.

(g) Any Member whose membership is suspended shall remain liable for any assessments or charges duly levied by the Association during the period of such suspension.

ARTICLE XVII

MISCELLANEOUS PROVISIONS

(a) Principal Office. The principal office shall be established and maintained in the County of San Diego, State of California.

(b) Notice of Waiver of Notice. Whenever any notice is required by these Restated Bylaws to be given, personal notice is not meant unless expressly so stated; and any notice so required shall be deemed to be sufficient if given by depositing the same in a post office box in a sealed prepaid wrapper, addressed to the

person entitled thereto at his last known post office address, and such notice shall be deemed to have been given on the day of such mailing. Any notice required to be given under these Restated Bylaws may be waived by the person entitled thereto.

(c) Conflict. In case of any conflict between the Articles of Incorporation and these Restated Bylaws, the Articles of Incorporation shall control; and in case of any conflict between the Supplemental Declaration and these Restated Bylaws or the Articles of Incorporation, the Supplemental Declaration shall control.

ARTICLE XVIII

GENERAL PROVISIONS

Section 1. Enforceability. The covenants and restrictions in the Declaration shall be enforceable equitable servitudes, unless unreasonable, and shall inure to the benefit of and bind all Owners of separate interests in the development. Unless the Declaration states otherwise, these servitudes may be enforced by any Owner of a separate interest or by the Association or by both. All activities to enforce the provisions of the governing documents shall be conducted in accordance with all applicable laws, statutes and ordinances. This Section shall apply to both the Association and to all Owners.

Section 2. Compliance with Statutes. These Restated Bylaws are set forth to comply with the requirements of the following statutes: California Civil Code Sections 1350 et seq and all other applicable statutes of the State of California. In case any of these Restated Bylaws conflict with any mandatory provisions of said statutes, it is hereby agreed and accepted that the provisions of the statute will apply.

CERTIFICATE OF SECRETARY
OF
CORONADO SHORES CONDOMINIUM ASSOCIATION NO. 9
a California Nonprofit Mutual Benefit Corporation

I, the undersigned, do hereby certify that I am the duly elected Secretary of the Coronado Shores Condominium Association, No. 9, a California corporation. The foregoing 1997 Amended and Restated Bylaws of said Association constitute the fully amended and restated Bylaws as approved by the membership of the Association.

DATED: _____, 19____.

Secretary