

institute, defend, settle or intervene on behalf of the Community Association in litigation, arbitration, mediation or administrative proceedings in matters pertaining to (a) enforcement of the Community Governing Documents, or (b) damage to the Community Association Property; provided, however that no representative of Declarant on the Community Board shall vote on the initiation of any claim under California Civil Code Section 895 et seq., such that, from and after the date which is the earlier to occur of (a) the date Declarant advises that it has relinquished control of the Association or (b) the date which is five (5) years after the date of the first conveyance of a Residential Lot to an Owner under a Public Report, Declarant shall have no control over the Community Association's ability to decide whether to initiate a claim under such statutory provisions and in the event of such a vote, the affirmative vote of the two non-Declarant representatives on the Community Board shall be binding so long as a quorum of the Community Board is present at any meeting where such vote is taken.

ARTICLE 8

OFFICERS

8.1 Enumeration of Officers. The officers of the Community Association shall be a president and vice president, both of whom shall at all times be Community Directors, a chief financial officer and a secretary and such other officers as the Community Board may create from time to time by resolution. Officers other than the president and vice president may, but need not, be Community Directors.

8.2 Appointment; Term. The appointment of officers shall take place at the organizational meeting of the Community Board and thereafter at each meeting of the Community Board following each annual meeting of the Delegates. The officers of the Community Association, except such officers as may be elected in accordance with Sections 8.3 and 8.4 below, shall be appointed annually by the Community Board and each shall hold office for one (1) year unless such officer shall sooner resign, or shall be removed, or shall otherwise be or become disqualified to serve.

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

8.4 Delegation. The Community Directors and officers have the power to delegate any duties within this Article to third parties, such as the Management Company.

8.5 Resignation and Removal. Any officer may be removed from office with or without cause by the vote of a majority of all Community Directors then in office at any regular or special meeting of the Community Board at which a quorum is present. Any officer may resign at any time by giving written notice to the Community Board, 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.

8.6 Vacancies. A vacancy in any office may be filled by appointment by the Community Board. The officer appointed to fill such vacancy shall serve for the remainder of the term of the officer he or she replaces.

8.7 Multiple Offices. Any two (2) or more offices, may be held by the same person.

8.8 Duties. The duties of the officers shall be as follows:

8.8.1 President. The president shall be the chief executive of the Community Association and shall have, subject to the control of the Community Board and the provisions of the Declaration, general supervision, direction and control of the business and officers of the Community Association. The president shall be an ex-officio member of all standing committees, if any, and shall have the general powers and duties of management usually vested in the office of the president of a corporation, and shall have such other powers and duties as may be prescribed by the Community Board or these Bylaws. The president and/or his designee shall ensure that orders and resolutions of the Community Board are carried out.

8.8.2 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 when so acting, shall have all of the powers of, and be subject to all the restrictions upon, the office of president. The vice president shall have such other powers and shall exercise and discharge such other duties as may be required of him or her, from time to time, by the Community Board or these Bylaws.

8.8.3 Secretary. The Secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the Community Board may order, of all meetings and proceedings of the Community Board Delegates, with the time and place of the holding of same, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present or represented at Delegates' meetings and the proceedings thereof. The Secretary shall keep, or cause to be kept, at the principal office, a membership register showing the following: (a) the names and addresses of all Delegates of the Community Board; (b) the names of the Delegates and their addresses and the addresses of the Members; (c) the property to which each membership relates; (d) the number of memberships held by each Delegate and Member and Delegate; (e) the number of votes represented by each Delegate; (f) the names of all Delegates; (g) the number and date of membership certificates issued, if any; and (h) the number and date of cancellation of membership certificates, if any. The Secretary shall give, or cause to be given, notice of all meetings of the Members and Delegates and of the Community Board required by these Bylaws or by law to be given, and he shall keep the seal of the Community Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Community Board or by these Bylaws.

8.8.4 Chief Financial Officer. The chief financial officer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Community Association. The books of account shall, at all reasonable times, be open to inspection by any Community Director or by any Member. The chief financial officer shall deposit all monies and other valuables in the name and to the credit of the Community Association with such depositories as may be designated by the Community Board. The chief financial officer shall disburse the funds of the Community Association as may be ordered by the Community Board, shall render to the president and Community Directors, whenever they request it, an account of all his or her transactions as chief financial officer and of the financial condition of the Community Association, and shall have such other powers and perform such other duties as may be prescribed by the Community Board or these Bylaws.

8.9 Compensation. No Community Director shall receive any compensation for services performed in the conduct of the Community Association's business; provided, however, any Community Director may be reimbursed for expenses approved by the Community Board and incurred in carrying on the business of the Community Association. Nothing contained herein shall limit the Community Association from paying compensation to any members of any committees appointed by the Community Board, including the Architectural Committee.

ARTICLE 9

INDEMNIFICATION

9.1 Generally. A Community Director, officer, committee member, employee or other "agent" of the Community Association who was or is a party to or is threatened to be made a party to any "proceeding" (including a proceeding by or on behalf of the Community Association) because he or she is or has been a Community Director, officer, committee member, employee or "agent" of the Community Association shall be indemnified, defended and held harmless by the Community Association against all expenses, judgments, fines, settlements or other amounts actually and reasonably paid or incurred in connection with the "proceeding," action or suit to the maximum extent permitted by the California Nonprofit Mutual Benefit Corporation Law. Terms used in this Article shall have the same meaning as in Section 7237 of the California Corporations Code or any successor statute or law.

9.2 Approval. Upon written request to the Community Board by any person seeking indemnification, the Community Board shall promptly determine whether the applicable standard of conduct set forth in the California Nonprofit Mutual Benefit Corporation Law has been met. If so, the Community Board shall authorize indemnification. If the Community Board cannot authorize indemnification because the number of Community Directors who are parties to the "proceeding" with respect to which indemnification is sought prevent a quorum of Community Directors who are not parties to the "proceeding," the Community Board shall promptly call a special meeting of Delegates. At the meeting, the Delegates shall determine whether the applicable standard of conduct set forth in the California Nonprofit Benefit Corporation Law has been met. If so, the Delegates shall authorize indemnification. Members