

**BYLAWS
OF
SUNSTREAM HOMEOWNERS ASSOCIATION**

A02041

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BYLAWS
OF
SUNSTREAM HOMEOWNERS ASSOCIATION

ARTICLE I

OFFICE

The office of this corporation shall be located in the County of San Diego, State of California.

ARTICLE II

DEFINITIONS

Section 2.1 "Articles" shall mean and refer to the Articles of Incorporation of the Association as they may from time to time be amended.

Section 2.2. "Association" shall mean and refer to SUNSTREAM HOMEOWNERS ASSOCIATION, a California Nonprofit Mutual Benefit Corporation, its successors and assigns.

Section 2.3. "Board" or "Board of Directors" shall mean and refer to the governing body of the Association.

Section 2.4. "Boundaries" shall mean that in interpreting deeds and plans, the then existing physical boundaries of a Living Unit, whether in its original state or reconstructed in substantial accordance with the original plans therefor, shall be conclusively presumed to be its boundaries rather than the boundaries expressed in the deed or Condominium Plan, regardless of settling or lateral movement of the building structure of which the Living Unit is a part and regardless of minor variance between boundaries shown on the Condominium Plan or deed and those of the building.

Section 2.5. "Common Area" shall mean and refer to all portions of the Condominium Property not located within a Living Unit.

Section 2.6. "Common Expenses" means and includes the actual and estimated expenses of operating the Condominium Property and the Recreation Area and any reasonable reserve for such purposes.

Section 2.7. "Condominium" shall mean and refer to a fee simple estate in the Condominium Property as defined in Section 783 of the California Civil Code and shall consist of a separate interest in a Living Unit and an undivided fractional interest as tenant in common in the Common Area.

Section 2.8. "Condominium Plan" shall mean and refer to the Condominium Plan or Plans recorded pursuant to California Civil Code Section 1351 covering any portion of the Condominium Property, including such amendments thereto as may from time to time be recorded.

Section 2.9. "Condominium Property" shall mean and refer to that certain real property located in The City of San Diego, County of San Diego, State of California, more particularly described as:

Lot 3 of CARMEL VALLEY NEIGHBORHOOD 6 UNIT NO. 2 according to Map thereof No. 11243 filed in the Office of the County Recorder of San Diego County, California, on May 24, 1985,

and such additions as may be annexed thereto as provided in the Declaration.

Section 2.10. "Declarant" shall mean and refer to BALDWIN BUILDING COMPANY, a California general partnership, its successors and assigns, if such successors or assigns should acquire one (1) or more undeveloped lots in the Condominium Property (or property which may be annexed thereto as provided in the Declaration) from Declarant for the purpose of development.

Section 2.11. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions recorded with the Office of the County Recorder of San Diego County, California, covering the Condominium Property, including such amendments thereto as may from time to time be recorded.

Section 2.12. "Eligible Insurer or Guarantor" shall mean and refer to an insurer or governmental guarantor who has requested notice from the Association of those matters of which such insurer or guarantor is entitled to notice by reason of these Bylaws or the Declaration.

Section 2.13. "Eligible Mortgage Holder" shall mean and refer to the holder of a first Mortgage on a Condominium who has requested notice from the Association of those matters of which such holder is entitled to notice by reason of these Bylaws or the Declaration.

Section 2.14. "Exclusive Use Area" shall mean and refer to those portions of the Common Area to which an exclusive right to use is granted to an Owner as shown and described on the Condominium Plan.

Section 2.15. "FHA" shall mean and refer to the Federal Housing Administration.

Section 2.16. "Living Unit" shall mean and refer to those portions of the Condominium Property shown and described as such on the Condominium Plan; provided, however, that the following are not part of any Living Unit: Bearing walls, columns, floors, roofs, foundations, central heating, central refrigeration and central air conditioning equipment, reservoir tanks, pumps and other central services, pipes, ducts, flues, chutes, conduits, wires and other utility installations, wherever located, except the outlets thereof when located in the Living Unit.

Section 2.17. "Member" shall mean and refer to an Owner as defined in Section 2.20, Article II herein.

Section 2.18. "Mortgage" shall mean and refer to a deed of trust as well as a mortgage encumbering a Condominium.

Section 2.19. "Mortgagee" shall mean and refer to a beneficiary under or holder of a deed of trust as well as a mortgagee.

Section 2.20. "Owner" shall mean and refer to the record owner, whether one (1) or more persons or entities, of fee simple title to any Condominium which is part of the Condominium Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 2.21. "Project" shall mean and refer to the Condominium Property and Recreation Area, including all structures and improvements erected or to be erected thereon, and such additions as may hereafter be brought within the jurisdiction of the Association.

Section 2.22. "Recreation Area" shall mean and refer to all real property owned by the Association for the common use and enjoyment of the Owners.

Section 2.23. "VA" shall mean and refer to the Veterans Administration.

ARTICLE III

VOTING RIGHTS IN ASSOCIATION

The Association shall have two (2) classes of voting membership as set forth in the Articles and the Declaration.

ARTICLE IV

MEMBERSHIP ASSESSMENTS AND LIEN RIGHTS

Section 4.1. Annual Assessments. The Board shall fix and determine from time to time annual assessments to be paid by each Owner for the purpose of operating, maintaining and repairing the Common Area and Recreation Area and paying the necessary expenditures of the Association as provided in these Bylaws and the Declaration. The annual assessments shall include an adequate reserve fund for the periodic maintenance, repair and replacement of the Common Area and Recreation Area as set forth in the Declaration.

Section 4.2. Special Assessments. In addition to the annual assessments authorized above, the Board may levy special assessments for the purpose of defraying, in whole or in part, the cost of any capital improvement to the Common Area or Recreation Area, including the cost of major repair or rebuilding to reimburse the Association for costs and expenses incurred in enforcing compliance by an Owner or his Condominium with the provisions of the Declaration, these Bylaws and the rules and regulations adopted by the Board, or for such other purpose as is set forth in the Declaration.

Section 4.3. Lien Rights. As provided in the Declaration, the Association shall have a lien against the interest of each Owner in the Condominium Property to secure the full and prompt payment of annual and special assessments levied by the Association in compliance with these Bylaws, and in the event of default by any Owner, said interest of such Owner may be foreclosed by the Association in the same manner as a realty mortgage or may be enforced by sale pursuant to Sections 2924, 2924(b), 2924(c) and 1356 of the California Civil Code, and to that end a power of sale is hereby conferred upon the Association. Except for assessments imposed in connection with the collection of assessments, assessments imposed to reimburse the Association for costs incurred in bringing a Member or his Condominium into compliance with the provisions of the Declaration, these Bylaws, the Articles or Association rules or regulations, shall not be liens.

Any assessments which are not paid within thirty (30) days after the due date shall be delinquent and shall bear interest at

the rate of ten percent (10%) per annum from the due date until paid in full. The Association may bring an action at law against the Member personally obligated to pay the assessment and, in addition thereto or in lieu thereof, may foreclose the lien, and interest, late charges, costs and reasonable attorney's fees incurred in any such action shall be added to the amount of such assessments. No Member may waive or otherwise escape liability for the assessments by nonuse of the Common Area or Recreation Area or abandonment of his Living Unit.

Section 4.4. Payment of Assessments by Declarant. The Declarant shall pay all assessments levied by the Association against any Condominium owned by it at the same time, in the same manner and in the same amounts as any other Owner.

Section 4.5. Commencement of Annual Assessments. The annual assessments shall commence as to all Condominiums in each phase of the Project as set forth in the Declaration.

ARTICLE V

MEMBERSHIP RIGHTS, PRIVILEGES AND PENALTIES

Section 5.1. Rights and Privileges. No Member shall have the right without the prior approval of the Board to exercise any of the powers or to perform any of the acts of these Bylaws delegated to the Board. Unless otherwise provided in the Declaration and subject to the rules and regulations adopted by the Board, each Member of the Association, his immediate family, guests and tenants shall have the right to use and enjoy the Common Area (other than those portions thereof the exclusive right to use of which has been granted to others) and the Recreation Area. If a Condominium has been leased, the tenant and not the Member shall have those rights to use and enjoy the Common Area which is appurtenant to the Condominium and the Recreation Area.

Section 5.2. Suspensions and Penalties. The membership rights and privileges, together with the voting rights of any Member, may be suspended by the Board for any period of time during which the assessment on his Condominium remains unpaid, and for a period not to exceed thirty (30) days for any infraction of the Association's published rules and regulations, after reasonable written notice and an opportunity for a hearing before the Board. The Board may adopt rules and regulations imposing reasonable monetary penalties for such breach or noncompliance. Should the Board believe grounds may exist for any such suspension or imposition of monetary penalties, the Board shall give to the Member believed to be in violation at least fifteen (15) days' prior written notice of the intended suspension or proposed monetary penalty and the reasons therefor. The Member shall be

given an opportunity to be heard before the Board either orally or in writing not less than five (5) days before the effective date of suspension. The notice required hereby may be given by any method reasonably calculated to provide actual notice. Any notice given by mail must be given by first class or registered mail sent to the last address of the Member shown on the Association's records. No suspension shall affect the rights of such Member to access to his Living Unit nor his right to use of any Exclusive Use Area appurtenant to his Living Unit. No such monetary penalty shall constitute a lien against the Member's Condominium.

ARTICLE VI

MEETINGS OF MEMBERS

Section 6.1. Place of Meeting. All meetings of Members shall be held at the Condominium Property or Recreation Area or at such other location in San Diego County, California, in reasonable proximity to the Condominium Property, as may be designated in the notice of meeting.

Section 6.2. Annual Meetings of Members. The first annual meeting of Members shall be held within forty-five (45) days after close of escrow for the sale by Declarant of fifty-one percent (51%) of the Condominiums in the first phase of the Project, but in no event shall the meeting be held later than six (6) months after the close of sale of the first Condominium. Subsequent annual meetings of Members shall be held within fifteen (15) days before or after the annual anniversary of the first annual meeting of Members. Should any annual meeting day fall upon a legal holiday, then such annual meeting of Members shall be held at the same time and place on the next day thereafter ensuing which is not a legal holiday. An election of directors shall be held at the first annual meeting of Members and all positions of director shall be filled at that election.

Written notice of each annual meeting shall be given to each Member and, upon written request therefor, to all first Mortgagees, either personally or by sending a copy of the notice through the mail, first class, registered or certified, or by telegraph, charges prepaid, to his address appearing on the books of the Association or supplied by him to the Association for the purpose of notice. If no address is supplied, notice shall be deemed to have been given him if mailed to the address of the Condominium owned by such Member or encumbered by the first Mortgagee, or published at least once in some newspaper of general circulation in the county of said principal office. All notices shall be sent not less than ten (10) days and not more than ninety (90) days before each annual meeting; provided, however,

if notice is given by mail and the notice is not mailed by first class, registered or certified mail, then the notice shall be given not less than twenty (20) days before the annual meeting. The notice shall specify the place, day and hour of such meeting, and those matters which the Board at the time of mailing the notice intends to present for action by the Members.

Section 6.3. Special Meeting. Special meetings of Members, for any purpose, may be called at any time by the president or by a majority of a quorum of the Board, and shall be called by the Board upon receipt of a written request for a special meeting signed by Members representing at least five percent (5%) or more of the total voting power of the Members. Except in special cases where other express provision is made by statute, notice of such special meetings shall be given in the same manner as for annual meetings of Members. Notices of any special meeting shall specify in addition to the place, day and hour of such meeting, the general nature of the business to be transacted. If the notice of the special meeting is not given within twenty (20) days after receipt of the request for the special meeting, the persons entitled to call the meeting may give the notice or the Superior Court of San Diego County shall summarily order the giving of the notice, after notice to the Association giving it an opportunity to be heard.

Section 6.4. Adjourned Meetings and Notice Thereof. Any membership meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the voting power present in person or represented by proxy, but in the absence of a quorum no other business may be transacted at any such meeting.

When any membership meeting, either annual or special, is adjourned to another time or place, notice of the adjourned meeting need not be given if the time and place thereof are announced to the meeting which is adjourned. A meeting adjourned for lack of a quorum by those in attendance shall be set to a date not less than five (5) days nor more than thirty (30) days from the original meeting date. If a time and place for the adjourned meeting is not chosen by those Members at the original meeting or for any reason a new date is fixed for the adjourned meeting after adjournment or the adjournment is for more than forty-five (45) days, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for annual meetings. At the adjourned meeting, the Association may transact any business, except for the election of the Board of Directors, which might have been transacted at the original meeting.

Section 6.5. Mortgagee Representation. First Mortgagees shall have the right to attend all membership meetings through a representative designated in writing and delivered to the Board.

Section 6.6. Voting. Voting of the Members may be viva voce or by ballot. All elections for directors shall be by secret written ballot. No Member shall be entitled to cumulate votes for a candidate or candidates unless such candidates' names have been placed in nomination prior to the voting and the Member has given notice at the meeting prior to the voting of the Member's intention to cumulate votes. If any one Member has given such notice, all Members at any election for directors, subject to the foregoing, shall have the right to cumulate votes and give one (1) candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which he is entitled, or to distribute his votes on the same principle among as many candidates as he shall think fit. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected. Unless the entire Board is removed from office by the vote of the 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 or not consenting in writing to 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 directors were then being elected. Any director elected to office solely by the votes of Members other than Declarant, as provided below, may be removed from office prior to the expiration of his term only upon the vote of a simple majority of the voting power of Members other than Declarant. Anything contained herein to the contrary notwithstanding, at the first election of directors by Members and thereafter for so long as a majority of the voting power of Members is held by Declarant, or so long as there are two (2) outstanding classes of membership, not fewer than twenty percent (20%) of the directors may be elected solely by the voting power of Members other than Declarant. The election of directors may be held at any meeting of Members and each Member shall have the right to nominate from the floor candidates for the office of director.

Section 6.7. Quorum. The presence in person or by proxy of a majority of the voting power entitled to vote at any meeting shall constitute a quorum for the transaction of business. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough voting power to leave less than a quorum. In the event any meeting of Members cannot be held because a quorum is not present, the Members present, either in person or by proxy, may adjourn the meeting to a time

not less than five (5) days nor more than thirty (30) days from the time of the original meeting date, at which meeting the quorum requirement shall be twenty-five percent (25%) of the voting power of the membership of the Association; provided, however, if after adjournment a new date is fixed for the adjourned meeting, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings; provided further, that in the event the quorum requirement becomes twenty-five percent (25%) of the voting power of the membership, then the only matters that may be voted upon at any meeting actually attended in person or by proxy by one-third (1/3) or less of the voting power are matters notice of the general nature of which was given in the notice of meeting.

Section 6.8. Consent of Absentees. The transactions of any meeting of Members, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum be present either in person or by proxy and if, either before or after the meeting, each of the Members entitled to vote, not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 6.9. Action Without Meeting. Any action which may be taken at a meeting of the Members, except the election of directors where cumulative voting is a requirement, may be taken without a meeting if done in compliance with the provisions of Section 7513 of the California Corporations Code.

Section 6.10. Proxies. Every person entitled to vote or execute consents shall have the right to do so either in person or by a written proxy executed by such person and filed with the secretary of the Association. All proxies shall be revocable and shall automatically terminate upon transfer of title of a Condominium by the Owner.

ARTICLE VII

DIRECTORS

Section 7.1. Powers and Duties. The directors shall have the powers and duties set forth in the Declaration and these Bylaws.

Section 7.2. Number and Qualifications of Directors. The Board shall consist of five (5) directors until changed by amendment to this Section of the Bylaws. Directors need not be Members of the Association.

Section 7.3. Election and Term of Office. At the first annual meeting of Members, three (3) directors shall be elected for a term of one (1) year and two (2) directors shall be elected for a term of two (2) years. Thereafter, all directors shall be elected at each annual meeting of Members to fill the vacancies of those directors whose term then expires and the term of each such director so elected shall be two (2) years. If any annual meeting is not held or the directors are not elected thereat, the directors may be elected at any special meeting of Members held for that purpose. All directors shall hold office until their successors are elected.

Section 7.4. Vacancies. Vacancies in the Board created by death or resignation may be filled by a majority of the remaining directors, though less than a quorum, and each director so elected shall hold office until his successor is elected at an annual meeting of Members or at a special meeting called for that purpose.

Vacancies created by the removal of any director may be filled only by the vote of the membership.

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

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

Section 7.5. Place of Meeting. All meetings of the Board shall be held within the Condominium Property or Recreation Area, unless a facility of adequate size is unavailable, in which event the meeting shall be held in the closest available facility which is of adequate size.

Section 7.6. Organization Meeting. Immediately following each annual meeting of Members, the Board shall hold a regular meeting for the purpose of organization, election of officers and the transaction of other business. Notice of such meeting is not required.

Section 7.7. Other Regular Meetings. Other regular meetings of the Board shall be held without call monthly at such time as the Board shall determine. Notice of all regular meetings shall be posted in a prominent place in the Common Area or Recreation Area and communicated to the directors not less than four (4) days prior to the meeting; provided, however, notice of

a meeting need not be given to any director who has signed a waiver of notice or a written consent to the holding of the meeting.

Section 7.8. Special Meetings. Special meetings of the Board for any purpose or purposes shall be called at any time by the president, or by any two (2) directors other than the president.

Written notice of the time and place of special meetings and the nature of any special business to be considered shall be posted in the manner prescribed for notice of regular meetings and shall be sent to all directors by first class mail not less than four (4) days prior to the scheduled time of the meeting, or such notice shall be delivered personally or by telephone or telegraph not less than seventy-two (72) hours prior to the scheduled time of the meeting; provided, however, notice of the meeting need not be given to any director who has signed a waiver of notice or a written consent to the holding of the meeting.

Section 7.9. Compensation and Fees. Neither the directors nor the officers of the Association shall receive any monetary compensation for their services performed in the conduct of the business of the Association, except upon the vote or written consent of a majority of the voting power of each class of Members of the Association, or after conversion of the Class B membership to Class A membership, except upon the vote or written assent of (i) fifty-one percent (51%) of the total voting power of Members of the Association, and (ii) at least fifty-one percent (51%) of the total voting power of Members of the Association other than Declarant. Nothing herein contained shall be construed or preclude any director or officer from serving the Association in any other capacity as an agent, employee or otherwise and receiving compensation therefor. Directors and officers of the Association may be reimbursed for expenses incurred in carrying on the business of the Association; provided, however, that no such expenses in excess of \$50.00 during any fiscal year of the Association shall be reimbursed by the Association to any person without the approval of the Board.

Section 7.10. Attendance at Meetings and Executive Sessions. Regular and special meetings of the Board shall be open to all Members of the Association; provided, however, that 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, upon the vote of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved and other matters of business of a similar nature. Only Members of the

Board shall be entitled to attend executive sessions. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 7.11. Quorum. A majority of the directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board.

Section 7.12. Adjournment. A quorum of the directors may adjourn any directors' meeting to meet again at a stated time and hour; provided, however, that in the absence of a quorum, a majority of directors present at the directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 7.13. Waiver of Notice. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though had at a meeting to be held after regular call and notice if a quorum be present, and if, either before or after the meeting, each of the directors not present signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Nothing contained herein shall remove the obligation to post the notice of all directors' meetings on the Common Area or Recreation Area.

Section 7.14. Entry of Notice. Whenever any director has been absent from any special meeting of the Board, an entry in the minutes to the effect that notice has been duly given shall constitute a rebuttable presumption that due notice of such special meeting was given to such director as required by law and these Bylaws.

Section 7.15. Notice of Adjournment. Notice of any adjournment of any directors' meeting, either regular or special, to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

Section 7.16. Action Without Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting, if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. An explanation of the action to be taken or actually taken by the Board shall be

given to the Members of the Association within three (3) days after all written consents have been obtained. Said explanation shall be given in the same manner as provided in Section 7.7 of this Article VII for the giving of notice of regular meetings of the Board. Failure to give such notice shall not render the action to be taken or actually taken invalid.

ARTICLE VIII

OFFICERS

Section 8.1. Officers. The officers of the Association shall be a president, a vice president, a secretary and a chief financial officer. The Association may also have, at the discretion of the Board, one (1) or more assistant secretaries, one (1) or more assistant chief financial officers and such other officers as may be appointed in accordance with the provisions of Section 8.3 of this Article. Officers other than the president need not be directors. One (1) person may hold two (2) or more offices.

Section 8.2. Election. The officers of the Association except such officers as may be appointed in accordance with the provisions of Section 8.3 or Section 8.5 of this Article VIII, shall be chosen annually by the Board, and each shall hold his office until he shall resign, or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

Section 8.3. Subordinate Officers. The Board may appoint such other officers as the business of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws or as the Board may from time to time determine.

Section 8.4. Removal and Resignation. Any officer may be removed, either with or without cause, by a majority of the directors in office at the time, at any regular or special meeting of the Board or, except in case of an officer chosen by the Board, by any officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time by giving written notice to the Board or the president, or to the secretary of the Association. Any such resignation shall take effect at the date of the 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 8.5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the Bylaws for regular appointments to such office.

Section 8.6. President. The president shall be the chief executive officer of the Association and shall, subject to the control of the Board, have general supervision, direction and control of the business and officers of the Association. The president shall preside at all meetings of the Members and at all meetings of the Board and shall be ex-officio a member of all standing committees, including the executive committee, if any, and shall have the general powers and duties of management usually vested in the office of president of a corporation, and shall have such other powers and duties as may be prescribed by the Board or by the Bylaws. The president shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes of the Association.

Section 8.7. Vice President. In the absence or disability of the president, the vice president shall perform all the duties of the president, and when so acting shall have all powers of and be subject to all the restrictions upon the president. The vice president shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or by the Bylaws.

Section 8.8. Secretary. The secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the Board may order of all meetings of directors and Members, with the time and place of holding, whether regular or special and if special how authorized, the notice thereof given, the names of those present at the directors' meetings, the number of memberships present or represented at Members' meetings and the proceedings thereof.

The secretary shall give, or cause to be given, notice of all the meetings of the Members and of the Board required by the Bylaws or by law to be given, and he shall keep other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

Section 8.9. 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 Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital and surplus. The books of account shall at all times be open to inspection by any director.

The chief financial officer shall sign all checks and promissory notes of the Association and shall deposit all moneys and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. He shall disburse the funds of the Association as may be ordered by the Board, shall render to the president and directors, whenever they request it, an account of all of his transactions as chief financial officer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

ARTICLE IX

POWERS AND DUTIES OF ASSOCIATION

Subject to the Declaration, the Articles and the California Nonprofit Corporation Law applicable to mutual benefit corporations, the Board shall have the following powers and duties:

Section 9.1. Selection of Officers. To select and remove all officers, agents and employees of the Association, prescribe such powers and duties for them as may not be inconsistent with law, the Declaration, the Articles or these Bylaws, and, subject to the provisions of Section 7.9, Article VII of these Bylaws, to fix their compensation.

Section 9.2. Management of Business. To conduct, manage and control the affairs and business of the Association, and to make such rules and regulations therefor not inconsistent with law, the Declaration, the Articles or these Bylaws as they deem best, including rules and regulations for the operation of the Common Area and Recreation Area and the facilities owned or controlled by the Association.

Section 9.3. Borrowing of Money. To borrow money and incur indebtedness for the purposes of the Association, and to cause to be executed and delivered therefor, in the corporate name, promissory notes or other evidences of debt and, with the vote or written assent of two-thirds (2/3) of the voting power of each class of Members of the Association, to (a) hypothecate, mortgage, pledge or deed in trust any or all of the real or personal property owned by the Association as real security for money borrowed or debts incurred, and (b) sell any real or personal property owned by the Association. After conversion of the Class B membership to Class A membership, the action herein requiring membership approval shall require the vote or written consent of (i) two-thirds (2/3) of the voting power of Members of the Association, and (ii) two-thirds (2/3) or more of the voting power of Members of the Association other than Declarant.

Section 9.4. Insurance. To contract and pay for fire, casualty, liability, fidelity and other insurance adequately insuring the Association and Owners with respect to the Common Area, the Recreation Area and the affairs of the Association, which shall include bonding of the members of any management body. Notwithstanding any provisions to the contrary herein, so long as the Federal National Mortgage Association ("FNMA") holds a Mortgage on a Condominium in the Project or owns a Condominium, the Association shall continuously maintain in effect such casualty and liability insurance and fidelity bond, meeting all requirements and containing such coverage and endorsements as may be required from time to time by FNMA.

Such casualty insurance shall include, but not be limited to, a condominium master or blanket policy (as required by the Declaration) with full replacement cost coverage and an agreed value endorsement. If requested by Members of the Association who have at least ten percent (10%) of the Association's voting power or any first Mortgagee or any insurer or governmental guarantor of any first Mortgage, the Association shall obtain fidelity insurance which shall be in the form of a bond in an amount equal to one hundred fifty percent (150%) of the Association's annual assessment plus reserves, which names the Association as obligee and protects against misuse and misappropriation of Association property by Members of the Board, officers and employees of the Association, and any management agent and his employees whether or not any such persons are compensated for their services.

Section 9.5. Payment of Utilities. To pay all charges for water, electricity, gas, CATV and other utility services for the Common Area, the Recreation Area and, to the extent not separately metered or charged, for each Living Unit.

Section 9.6. Management of Common Area and Recreation Area. To manage, operate, maintain and repair the Common Area and Recreation Area and all improvements located thereon, including the parking and drainage facilities and the restoration and replacement of any or all of the buildings, structures and improvements which are part of the Common Area or Recreation Area at any time and from time to time as the Board may determine desirable or necessary; and to make capital expenditures for and on behalf of the Association with the vote or written assent of a majority of the voting power of each class of Members of the Association; provided, however, that after conversion of the Class B membership to Class A membership, capital expenditures shall require the vote or written assent of (i) fifty-one percent (51%) of the total voting power of Members of the Association, and (ii) at least fifty-one percent (51%) of the total voting power of Members of the Association other than Declarant.

Section 9.7. Right to Enter. To enter onto any Living Unit and Exclusive Use Area subject to the limitations set forth in the Declaration.

Section 9.8. Right to Enforce. To enforce the provisions of the Declaration, the Articles and Bylaws of the Association, the rules and regulations adopted by the Board and the provisions of any agreement to which the Association is a party.

Section 9.9. Right to Contract. To contract and pay for goods and services relating to the Common Area and Recreation Area, and to employ personnel necessary for the operation and maintenance of the same, including legal and accounting services. Anything herein to the contrary notwithstanding:

(a) The term of any contract with a third person for supplying goods or services to the Common Area or Recreation Area or for the Association shall not exceed a term of one (1) year unless a longer term is approved by a majority of the voting power of each class of Members of the Association, or after conversion of the Class B membership to Class A membership, unless such longer term is approved by (i) fifty-one percent of the total voting power of Members of the Association, and (ii) at least fifty-one percent (51%) of the total voting power of Members of the Association other than Declarant, with the following exceptions:

(1) A contract with the public utility company for materials or services the rates for which are regulated by the Public Utilities Commission may exceed a term of one (1) year so long as it does not exceed the shortest term for which the public utility will contract at the regulated rate;

(2) A contract for prepaid casualty and/or liability insurance policies may be for a term of not to exceed three (3) years, provided that the policy permits short rate cancellation by the Association;

(3) A management contract the terms of which have been approved by the VA and FHA, may exceed a term of one (1) year; and

(4) Lease agreements for laundry room fixtures and equipment of not to exceed five (5) years' duration, provided that the lessor under the agreement is not an entity in which Declarant has a direct or indirect ownership interest of ten percent (10%) or more.

(b) Any agreement for management of the Condominium Property or the Recreation Area and any other contract providing

for services by Declarant shall be terminable for cause upon thirty (30) days' written notice, and without cause or payment of a termination fee upon not more than ninety (90) days' written notice. Such agreements shall be renewable with the consent of the Board and the management agent.

(c) The Board shall not terminate professional management of the Condominium Property or Recreation Area and assume self-management without the prior written approval of Mortgagees holding the first Mortgages on seventy-five percent (75%) or more of the Condominiums which are encumbered by a Mortgage.

(d) No contract with the Association negotiated by Declarant shall exceed a term of one (1) year except as may otherwise be provided in this Section 9.9.

Section 9.10. Payment of Taxes on Common Area and Recreation Area. To pay any taxes and governmental special assessments which are or could become a lien on the Common Area or Recreation Area or any portion of either.

Section 9.11. Adoption of Rules. To adopt reasonable rules not inconsistent with the provisions contained in the Declaration, and to amend the same from time to time relating to the use of the Common Area and Recreation Area and the facilities located thereon.

Section 9.12. Right of Discipline. To suspend the voting rights and right to use the recreational facilities located on the Common Area and Recreation Area of a Member who is in default in the payment of any assessment, as provided in Article V of these Bylaws.

Section 9.13. Preparation of Budgets and Financial Statements. To prepare budgets and financial statements for the Association as provided in these Bylaws.

Section 9.14. Notification to Mortgagee. Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the Condominium number or address, any Eligible Mortgage Holder or Eligible Insurer or Guarantor will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Project or any Condominium on which there is a first Mortgage held, insured or guaranteed by such Eligible Mortgage Holder or Eligible Insurer or Guarantor, as applicable.

(b) Any delinquency in the payment of assessments or charges owed by an Owner of a Condominium subject to a first Mortgage held, insured or guaranteed by such Eligible Mortgage Holder or Eligible Insurer or Guarantor, which remains uncured for a period of sixty (60) days.

(c) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

(d) Any proposed action which would require the consent of a specified percentage of Eligible Mortgage Holders as required in these Bylaws or in the Declaration.

Section 9.15. Notice to Federal Home Loan Mortgage Corporation. To give notice in writing to the Federal Home Loan Mortgage Corporation ("FHLMC"), in care of the servicers of FHLMC loans on Condominiums, provided such servicers have informed the Association in writing of their addresses, of any loss to or taking of the Common Area or Recreation Area if such loss or taking exceeds \$10,000.00, and of any damage to a Living Unit if such damage exceeds \$1,000.00.

Section 9.16. Right to Litigate. To prosecute or defend, in the name of the Association, any action affecting or relating to the Common Area or Recreation Area or the property owned by the Association, and any action in which all or substantially all of the Owners have an interest.

Section 9.17. Right to Delegate. To delegate any of its powers hereunder to others, including committees, officers and employees.

Section 9.18. Right to Sell. As permitted in the Declaration, to sell the Condominium Property for the benefit of all of the Owners and their Mortgagees (excepting the Administrator of the VA), as their interests may then appear, at such price and upon such terms as the Board may determine reasonable.

Section 9.19. Availability of Documentation. To make available to any prospective purchaser of a Condominium, any Owner of a Condominium, any first Mortgagee, and the holders, insurers and guarantors of a first Mortgage on any Condominium, current copies of the Declaration, the Articles, the Bylaws, rules governing the Project and all other books, records and financial statements of the Association.

Section 9.20. Right to Permit Use of Common Area and Recreation Area. To permit utility suppliers to use portions of the Common Area and Recreation Area reasonably necessary to the on-going development or operation of the Project.

Section 9.21. Authorization to Contract. To authorize any officer or officers or agent or agents to enter into any contract or execute any instrument in the name and on behalf of the Association. 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 for any amount.

Section 9.22. Duty to Make Records Available for Inspection. To keep in its principal office for the transaction of business or at such place within the Condominium Property or Recreation Area as the Board shall prescribe, the original or a copy of the Bylaws as amended or otherwise altered to date, certified by the secretary, a membership register, books of accounts and copies of minutes of all membership, board and committee meetings, all of which shall be made available for inspection and copying by any Member of the Association, or by any Member's duly appointed representative and by all first Mortgagees, at any reasonable time and for a purpose reasonably related to his interest as a Member or Mortgagee. The Board shall establish reasonable rules with respect to:

(a) Notice to be given to the custodian of the records by the Member or Mortgagee desiring to make the inspection;

(b) Hours and days of the week when such an inspection may be made; and

(c) Payment of the costs of reproducing copies of documents requested.

Every director of the Association shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and properties owned or controlled by the Association. The right of inspection shall include the right, at the director's expense, to make extracts and copies of documents.

Section 9.23. Financial Statement. To cause:

(a) a financial statement (including a balance sheet and income and expense statement) of the affairs of the Association to be made as of the last day of the month closest in time to the date six (6) months following close of escrow for the sale of the first Condominium by Declarant to an Owner. Said financial statement shall reflect the financial condition of the Association as of said date and shall summarize the financial transactions in which the Association was involved during the period between the close of the first sale and the date of the

financial statement. The financial statement shall include a schedule of assessments received or receivable itemized by Condominium and shall include the name of the person or entity assessed. A copy of said financial statement shall be distributed personally or by mail to each of the Members of the Association and, upon written request, to all first Mortgagees, within sixty (60) days after the date of such financial statement.

(b) an annual report consisting of the following to be distributed within one hundred twenty (120) days after close of the Association's fiscal year:

(1) a balance sheet as of the end of the fiscal year;

(2) an operating (income) statement for the fiscal year;

(3) a statement of changes in financial position for the fiscal year;

(4) any information required to be reported under Section 8322 of the California Corporations Code;

(5) for any fiscal year in which the gross income to the Association exceeds \$75,000.00, a copy of a review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy.

The annual report referred to in this Subsection (b) shall be prepared by a licensee of the California State Board of Accountancy for each fiscal year.

(c) a statement of the Association's policies and practices in enforcing its remedies against Members for default in the payment of annual and special assessments, including the recording and foreclosing of liens against Member's interest in the Condominium Property, to be distributed to Members within sixty (60) days prior to the beginning of each fiscal year.

Section 9.24. Budget. To cause to be prepared a proforma operating statement (budget) for the Association to be prepared for the second and each succeeding fiscal year of the Association, a copy of which shall be distributed personally or by mail to each of the Members of the Association not fewer than forty-five (45) days prior to the beginning of the fiscal year to which the budget relates. The budget shall include the following information:

(a) The estimated revenue and expenses of the Association on an accrual basis for the next fiscal year.

(b) The amount of the total cash reserves of the Association currently available for the replacement or major repair of the Common Area and Recreation Area and for contingencies.

(c) An itemized estimate of the remaining life of, and the methods of funding to defray repair, replacement or additions to, major components of the Common Area and Recreation Area for which the Association is responsible.

(d) A general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the Common Area and Recreation Area for which the Association is responsible.

Section 9.25. Checks. To cause to be issued checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, in the name of or payable to the Association, which shall be signed or endorsed by the president and chief financial officer of the Association.

ARTICLE X

FISCAL YEAR AND AUDITED FINANCIAL STATEMENT

Section 10.1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the thirty-first (31st) day of December of each year, except that the first fiscal year shall begin on the date of incorporation of the Association. However, the fiscal year of the Association is subject to change from time to time as the Board shall determine.

Section 10.2. Audited Financial Statement. If the Project contains fifty (50) or more Condominiums, any holder, insurer or governmental guarantor of a first Mortgage shall be entitled, upon written request, to an audited financial statement for the immediately preceding fiscal year, free of charge to the party so requesting it. If the Project contains less than fifty (50) Condominiums, the holders of fifty-one (51%) or more of the first Mortgages shall be entitled to have such audited financial statement prepared at their expense if one is not otherwise available. The financial statements required hereby shall be furnished within a reasonable time following request.

ARTICLE XI

AMENDMENT

During the period of time prior to conversion of the Class B membership in the Association to Class A membership, new Bylaws may be adopted or these Bylaws may be amended or repealed by the vote of the Members entitled to exercise a majority or more of the voting power of each class of Members of the Association or by the written assent of such Members. After conversion of the Class B membership to Class A membership, these Bylaws may be amended or repealed by the vote of (i) Members entitled to exercise a majority of the voting power of the Association, and (ii) at least a majority of the voting power of Members of the Association other than Declarant. Anything herein stated to the contrary notwithstanding, no material amendment to the Bylaws shall be made without the prior written approval of Eligible Mortgage Holders whose Mortgages encumber fifty-one percent (51%) or more of the Condominiums. "Material amendment" shall mean, for purposes of this Article XI, any amendments to provisions of these Bylaws governing any of the following subjects:

(a) The fundamental purpose for which the Project was created (such as a change from residential use to a different use).

(b) Assessments, assessment liens and subordination thereof.

(c) The reserve for maintenance, repair and replacement of the Common Area and Recreation Area.

(d) Property maintenance and repair obligations.

(e) Casualty, liability insurance and fidelity bonds.

(f) Reconstruction in the event of damage or destruction.

(g) Rights to use the Common Area and Recreation Area.

(h) Annexation.

(i) Voting.

(j) The percentage interest of the Owners in the Common Area.

(k) Boundaries of any Living Unit.

(l) The interests in Exclusive Use Areas and other portions of the Common Area.

(m) Leasing of Condominiums.

(n) Imposition of any right of first refusal or similar restriction on the right of a Condominium Owner to sell, transfer or otherwise convey his Condominium.

(o) Any provision which, by its terms, is specifically for the benefit of first Mortgagees, or specifically confers rights on first Mortgagees.

An Eligible Mortgage Holder who receives a written request to approve amendments (including additions) who does not deliver or mail to the requesting party a negative response within thirty (30) days, shall be deemed to have approved such request.

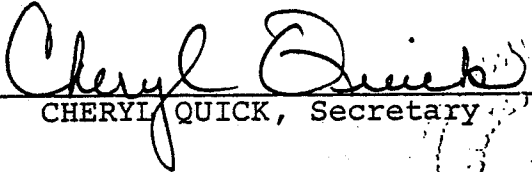
Anything herein to the contrary notwithstanding, so long as there remains a Class B membership in the Association, the VA and/or the FHA, respectively, shall have the right to veto any amendments to the Bylaws.

I, the undersigned, do hereby certify:

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

2. That the foregoing Bylaws, comprising twenty-four (24) pages, constitute the Bylaws of said corporation duly adopted by Written Consent of Incorporator dated June 3, 1985.

IN WITNESS WHEREOF, I hereunto subscribe my name and affix the seal of said corporation this 14th day of June, 1985.



CHERYL QUICK, Secretary

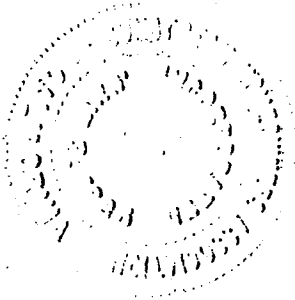
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CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

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

2. That the following is a true and correct imprint of the corporate seal of said corporation as duly adopted at the first meeting of the Board of Directors thereof, duly held on June 3, 1985:



Cheryl Quick
CHERYL QUICK, Secretary

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