

DISCOVERY BAY
PROPERTY OWNERS' ASSOCIATION, INC.
BYLAWS

P. O. Box 1977
Discovery Bay, CA 94505
(925) 634-7585 • FAX (925) 634-5532

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**BYLAWS
OF
DISCOVERY BAY PROPERTY OWNERS' ASSOCIATION, INC.
A NON-PROFIT MUTUAL BENEFIT CORPORATION**

**ARTICLE I
NAME OF THE CORPORATION AND ITS LOCATION**

Section 1. The name of this Corporation is Discovery Bay Property Owners' Association, Inc. and in these Bylaws is referred to as the "Association".

Section 2. The principal location of this Association for the transaction of its business is at Discovery Bay in the County of Contra Costa, California.

**ARTICLE II
MEMBERS**

Section 1. Single Class of Membership and Rights

The Association shall have one (1) class of Members only; the property and other rights, interests, privileges, and responsibilities of each Member shall be equal. Accordingly, memberships are appurtenant to, and shall pass in connection with the conveyance of fee simple title to residential lots with those portions of Discovery Bay, in Byron, County of Contra Costa, California, which area is more particularly described in the exhibits attached hereto, marked Exhibit "A" and Exhibit "B". Members shall hold voting rights equal in number to the number of residential lots they own, i.e. one vote for each lot. When more than one (1) person holds an ownership interest in any lot, all such persons collectively shall be the Member, although the Association shall be entitled to count the vote of any one co-owner so long as only one vote is cast for the membership.

Section 2. Qualifications

All owners of a residential lot(s) located in those portions of Discovery Bay, in Byron, California, identified in Exhibit "A" and Exhibit "B", are Members of this Association.

Section 3. Governing Documents

This Association and its Members shall be governed by the California Nonprofit Mutual Benefit Corporation Law, the Articles of Incorporation, the Bylaws of this Association, and by the Covenants, Conditions and Restrictions of Discovery Bay Property Owners' Association, Inc. as recorded for the tracts as shown in Exhibit "A" and Exhibit "B" herein and by any amendments made to these documents.

Section 4. Termination of Membership

Membership in this Association shall terminate when a Member is no longer the legal owner of a residential lot within these portions of Discovery Bay as described in Article II, Section 1, and may not be terminated for any other reason.

Section 5. Assessments

A. Annual Assessment to Operate the Association

(1) Annual dues shall be in an amount determined by the Board of Directors, provided, however, that such dues shall not exceed the sum of \$25.00 per year.

Notwithstanding any other provision in these Bylaws, this Bylaw can be amended or repealed only by the vote of two-thirds (2/3) or more of the Members in good standing of the Corporation.

(2) The annual assessment shall be payable upon membership qualification if not already paid for the year by the previous owner. If the annual assessment was not paid for the year by the previous owner, the assessment for the new owner shall be prorated for the remaining part of the calendar year. Except as provided in the preceding sentence, annual assessments are payable in full on the first (1st) day of January of each year and shall be delinquent if not paid by the 31st day of January of that year.

B. Special Assessments

From time to time the Board, on its own volition, or in response to a valid petition received from at least five percent (5%) of the Members in good standing, may present to the Members for approval special assessments to fund extraordinary expenses of operating the Association which are not contemplated in the budget for the Association's annual assessment.

No assessments, other than the Annual Assessment to operate the Association, may be levied against Association Members without the approval of a majority of a quorum of Members in good standing. This approval may be given at general or special meetings, or by written ballot mailed to each Member in accordance with Article III, Section 10.

The purpose for which the special assessment is being levied, the amount thereof (in the aggregate and on a per-lot basis) and the time within which the assessment must be paid shall be stated on a written ballot, or accompanying solicitation materials, or given as printed statements to Members in good standing present at a special or general meeting of the Members in good standing at which the proposed special assessment has been placed on the agenda for vote by Members in good standing.

C. Collection of Delinquent Assessments

(1) Any Member who fails to pay in full any duly approved annual or special assessment within thirty (30) days following the due date for payment of the assessment shall incur a late charge at the rate of \$2.00 per month until the assessment and all accumulated late charges are paid in full. For so long as any assessment remains delinquent the owner of the lot to which the assessment pertains shall be considered as a Member not in good standing. As such, the Member shall have no voting privileges. Any Member who fails to pay in full the annual assessment plus late charges of \$2.00 per month, or any part thereof, for a period of thirty (30) days from the date on which such assessment becomes payable, or who fails to pay any other assessment in full, as hereinafter provided, on or prior to the delinquent date thereof, shall, for the purposes of voting, be considered a Member who is not in good standing. Members who are not in good standing shall have no voting privileges on any Association matter other than a vote to amend the Declaration of Covenants, Conditions and Restrictions of the Discovery Bay Property Owners' Association, Inc. Members not in good standing may not hold office or serve on any Association committee. When all assessments, late charges, interest, and collection costs, if any, are paid, the Member shall thereupon be in good standing and may participate in Association affairs with full voting privileges. In addition to late charges, delinquent assessments shall bear interest until paid at the maximum rate permitted by law, with interest commencing thirty (30) days after the assessment is due.

(2) The Association may, at its option, place liens on lots where assessments, late charges, interest and collection costs remain unpaid for a period of one (1) or more years. If an owner becomes delinquent in the payment of assessments, the Association has

the right to execute and record in the official records of Contra Costa County a Notice of Delinquent Assessment.

(3) To create the Association's lien for delinquent assessments, the Association shall be authorized and empowered to execute and record in the Official Records of Contra Costa County, California, a document entitled "Notice of Delinquent Assessment". The Notice of Delinquent Assessment shall present the legal description of the lot to which the delinquent assessment pertains, the identity of owner of record of that lot and the amount of assessments, late charges, interest, and reasonable costs of collection, if any, which are then due and owing. Upon payment in full of the delinquent sum, the Association shall promptly execute and record a Notice of Release of Assessment Lien.

(4) As remedies for the collection of delinquent assessments, the Association may enforce any lien created pursuant to subparagraph (3) through judicial foreclosure (California Civil Code Section 2931 and Code of Civil Procedures Section 725(a)), or, in the alternative, the Association may, at its option, pursue any other remedy available to it by law to collect unpaid assessments, including the collection of delinquent assessments in a Small Claims Court action.

ARTICLE III

MEETING OF MEMBERS AND MEMBER VOTING RIGHTS

Section 1. Annual Meetings

A membership meeting shall be scheduled annually in September at such time and place as shall be fixed by the Board of Directors. At this meeting, any issue or action properly requiring the vote, approval or consent of the Members may be raised. Board Members may be elected at this meeting unless the Board has made other provisions authorized elsewhere in these Bylaws.

Section 2. Regular Meetings

In addition to the annual meeting for Members of the Association, the Board may adopt and publish to the membership a schedule of additional regular membership meetings.

Section 3. Special Meetings

A. Persons Entitled to Call Special Meetings

A majority of the Board of Directors or the President shall be entitled to call a special meeting of the Members. In addition, upon receipt of a petition signed by at least five percent (5%) of the Members in good standing, a special meeting shall be called by the Board to consider any lawful business of the Corporation.

B. Procedures for Calling Special Meetings Requested by Members

If a special meeting is called by Members in good standing, the request shall be submitted by such Members in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by first-class, certified or registered mail or by telegraphic or facsimile transmission to the president, any vice president, or the secretary of the Association. The officer receiving the request shall cause notice to be given to the Members entitled to vote not less than ten (10) nor more than ninety (90) days before the date of the meeting. The notice shall state that a meeting will be held, giving the date, time and place of such meeting, and specify the general nature of the proposed business to be transacted. Notice of such meetings shall be given either personally or by first-class mail or other written

communications. No action shall be taken at the meeting on any matter which is not specified in the notice of the meeting.

If notice of the meeting is not given within twenty (20) days after receipt of the request, the persons requesting the meeting may give the notice. Nothing contained in this subsection shall be construed as limiting, fixing, or affecting the time when a meeting of Members may be held when the meeting is called by action of the Board of Directors or the president.

Section 4. Notice of Members' Meetings

A. Requirement That Notice be Given

Notice of all regular and special meetings of the Members shall be sent or otherwise given in writing to each Member who is eligible to vote at the meeting as of the record date for notice.

B. Time Requirements for Notices

The notice of membership meetings shall be given in the manner specified in subparagraph (e) of this section, not less than ten (10) nor more than ninety (90) days before the date of the meeting provided, however, that when a special meeting is called in response to a valid petition received from five percent (5%) or more of the Members in good standing, the meeting shall be set at a date which is no less than thirty-five (35) and no more than ninety (90) days following receipt of the Members' petition. If notice is given by mail and the notice is not given by first-class, registered or certified mail, the notice shall be given not less than twenty (20) days (nor more than ninety (90) days) before the meeting.

C. Minimum Requirements Regarding Content of Notice

The notice of any membership meeting shall specify the place, date, and hour of the meeting and (1) in the case of a special meeting, the general nature of the business to be transacted, and no other business may in that case be transacted; or (2) in the case of a regular meeting, those matters which the Board of Directors, at the time of giving the notice, intends to present for action by the Members; but any proper matter may be presented at the meeting for such action so long as a quorum is established. The notice of any meeting at which Directors are to be elected shall include the names of all those individuals who are nominees at the time the notice is given to the Members. If it is anticipated that less than one-third of the Members are likely to attend the meeting in person or by proxy, additional notices may be sent to reschedule the membership meeting.

D. Specification of Certain Significant Actions

If action is proposed to be taken at any membership meeting for approval of any of the following proposals, the notice shall also state the general nature of the proposal. Member action on such items is invalid unless the notice or written waiver of notice or consent states the general nature of the proposal(s):

- (1) Removing a Director without cause;
- (2) Filling vacancies on the Board of Directors under those circumstances where a vote of the Members is required by statutory law;
- (3) Amending the Articles of Incorporation of the Corporation, these Bylaws or the Declaration in any manner requiring approval of the Members;
- (4) Approving a contract or transaction between the Association and one or more of its Directors, or between the Association and any corporation, firm or corporation in which one or more of its directors has a material financial interest;
- (5) Approving any change in the Association's assessments in a manner requiring membership approval under the Declaration; or

(6) Voting upon any election to voluntarily terminate and dissolve the Association.

E. Manner of Service

Notice of any meeting of Members shall be given either personally or by first-class mail, telegraphic or other written communication, charges prepaid, addressed to each Member either at the address of that Member appearing on the books of the Association or the address given by the Member to the Association for the purpose of notice. If no address appears on the Association's books and no other has been given, notice shall be deemed to have been given if either (1) notice is sent to that Member by first-class mail or telegraphic or other written communication; or (2) notice is published at least once in a newspaper of general circulation in the County. Notice shall be deemed to have been given at the time the notice is delivered to the Member personally or deposited in the mail (postage prepaid) or sent by telegram or other means of written or electronic communication to the Member as specified above.

F. Affidavit of Mailing

An affidavit of the mailing or other means of giving any notice of any Members' meeting may be executed by the secretary or the assistant secretary of the Association, and if so executed, shall be filed and maintained in the minute book of the Association. Such affidavit shall constitute prima facie evidence that proper notice was given.

Section 5. Meeting Quorums

A. Quorum Requirements for Annual, Regular and Special Membership Meetings

Twenty percent (20%) of the Association's Members in good standing, represented in person or by proxy at any annual, regular or special meeting of the Members shall constitute a quorum. Once a quorum is present, the affirmative vote of the majority of the voting power represented at the meeting, entitled to vote, and voting on any matter requiring Member action or approval shall be the act of the Members unless the vote of a greater number or percentage is required by law or by the Governing Documents. If the number of Members attending a meeting satisfies the minimum quorum percentage, but the meeting is attended by less than a third of the voting power of the Members, the only matters that may be voted upon at the meeting are those matters that are generally and/or specifically described in the notice of the meeting.

B. Quorum Requirements for Written Ballot Voting

When Member approvals are sought by written ballot in accordance with Section 10 of this Article III, Member approval is valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum that would be required to be present at a meeting of the Members authorizing the action; and, the number of affirmative votes equals or exceeds the number of votes that would be required to approve the same measure at a meeting.

Section 6. Adjournment for Lack of Quorum

In the absence of a quorum, the annual meeting, other regular meetings, or special meetings may be adjourned by the majority vote of the Members present or represented by proxy, who are in good standing. No business other than entertainment of the motion to adjourn shall be transacted, except that a new meeting date may be announced by the Board of Directors at the meeting, or afterward, so long as the announced date is within thirty (30) days following the adjourned meeting.

Section 7. Loss of Quorum

The Members present at a duly called or held meeting for which a quorum is established may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, so long as any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum.

Section 8. Voting Rights

A. Members in good standing shall be entitled to one (1) vote for each lot owned, as specified in Article II, Section 1, on each matter which is required by State law or the Governing Documents of the Association to be submitted to a vote of the Members. (See Article III, Section 8 for CC&R exception.)

B. When two (2) or more people or entities own a single lot they will be entitled to one (1) vote for the lot. If more than one of several co-owners vote, the vote attributable to that lot may be voided.

C. No single vote shall be split into fractional votes.

D. Voting at meetings, other than to elect Directors, may be by voice vote except as otherwise expressly provided in these Bylaws. The Board of Directors shall determine the method of voting used to elect Directors and will publish this method for the members in good standing at least thirty (30) days prior to the date of the election.

E. Loss of Voting Rights - Only Members in good standing shall be entitled to vote on any action, proposal or matter (including, without limitation, the election of Directors) requiring the consent or approval of the Members under State law or the Association's Governing Documents, except that any Member, regardless of his or her standing, may vote when the Covenants, Conditions and Restrictions are being amended. To be considered in good standing, a Member must be current in the payment of all assessments and/or fines, late charges, interest, and or collection costs, if any, duly levied and shall not be subject to a suspension of membership rights and privileges as the result of any disciplinary proceeding conducted by the Association in accordance with Article IX. The Association shall not be obligated to conduct a hearing in order to suspend a Member's voting privileges on the basis of nonpayment of assessments, although a delinquent Member shall be entitled to request such a hearing in accordance with Article IX.

Section 9. Proxy Voting

Members in good standing may vote in person or by written proxy executed and filed with the Secretary. Proxies are revocable upon written notice to the Association from such Members and shall not be valid after eleven (11) months from the date of filing.

Section 10. Action by Written Ballot

Pursuant to Corporations Code Section 7513, any action which may be taken at a regular or special meeting of Members, including the election of Directors, may be taken without a meeting if the requirements of Section 7513 are met, i.e. a ballot must be mailed to each Member in good standing (see Article III, Section 8 for CC&R exception) and the ballot must state the nature of the item being voted on, the time limit for returning the ballot, and the quorum of return ballots necessary to have a valid election. (See Section 5 B. of this Article III.) The ballot shall also permit the Member to vote either for or against the proposal. If so stated in the written ballot or the accompanying solicitation materials, the Board may reserve the right to extend the stated time for the return of ballots so long as any extension does not exceed sixty (60) days. Any action to extend the prescribed written ballot voting period shall be taken at a duly noticed meeting of the Board of Directors.

Section 11. Conduct of Meetings

A. Meetings of Members shall be presided over by the President of the Association or, in his or her absence, by the Vice President, or in the absence of both, by a Chairperson chosen by a majority of the Members in good standing present in person or represented by proxy. The Secretary of the Association shall act as Secretary of all meetings of Members, provided that in his or her absence the presiding officer shall appoint another person to act as Secretary of the meeting.

B. Meetings of the Members shall be governed by Robert's Rules of Order, as such rules may be revised from time to time, insofar as such rules are not inconsistent or in conflict with these Bylaws, with the Articles of Incorporation of this Corporation, or with the law.

**ARTICLE IV
DIRECTORS**

Section 1. Number

The Association shall have seven (7) Directors and collectively they shall serve as the Board of Directors.

Section 2. Powers

With the exception of those matters which require approval of the Members by State law or any provision of the Governing Documents of the Association, all corporate powers shall be exercised by or under the direction of the Association 's Board of Directors.

Section 3. Qualifications

Each Director shall be a Member in good standing of the Association.

Section 4. Terms of Office

The term of office shall be two (2) years. The Directors shall be eligible for re-election without limitations for the number of terms they may serve, provided they continue to meet the qualifications therefor. Each Director shall hold office until his or her term expires, he or she resigns, is recalled by the membership, or until his or her successor is elected and qualified. In the even numbered years, three (3) Directors will be elected and in odd numbered years, four (4) Directors will be elected.

Section 5. Election

Customarily, Directors shall be elected to vacant positions on the Board at the annual membership meeting as set forth in Article III, Section 1 of these Bylaws, by mailed ballot authorized by the Board, or at the polls as provided in Section 7 of this section. However, if the election is scheduled to be held other than at the annual meeting, at least thirty (30) days written notice thereof must be delivered to each Member in good standing either personally or by mail addressed to him or her at his or her address as it appears on the books of the Association. Any election by mail or polling shall be held in the month specified in Section 1 of Article III hereof for the holding of the annual meeting.

Section 6. Nomination and Election of Directors

Sixty (60) days prior to the annual meeting, the Board of Directors shall appoint an Election Committee, who serve at the Board's pleasure, composed of five (5) Members in good standing. The principle function of the Election Committee shall be to count ballots and announce the results. In addition, the Board may designate the Election Committee as having the authority of inspectors of election under the California Corporations Code. As such, the Election Committee has the authority to determine the validity of ballots, the existence of quorums, the

resolution of other voting disputes that may arise during the course of the election, and the tabulation of ballots.

The Election Committee may also serve as a Nominating Committee if so authorized by the Board. In this capacity, the Nominating Committee will endeavor to make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations must be made from Members in good standing. A candidate for the position of Director shall file an application with the chairperson of the Election Committee no later than thirty (30) calendar days prior to the date of the annual meeting as specified in Section 1 of Article III of these Bylaws.

Section 7. Polls

If votes are to be cast at polls, the place of such polls shall be in the defined area or nearby area, and written notice of such place shall be given to each Member not less than seven (7) days in advance of the election date. Such polls shall be open from 7:30 P.M. to 8:30 P.M. on the evening of the election. One ballot for each lot owned, for Members in good standing, shall be provided at each polling place and shall contain the names of all candidates qualifying as such under the provisions of this section and Section 3 of Article IV. Members shall be entitled to cast their votes secretly at polls. On written application for absentee ballots, received by the chairperson at least fifteen (15) days prior to the election, absentee ballots shall be furnished in person or by mail to those Members who will be absent on election day at least seven (7) days prior to the election day. The voted absentee ballot must be delivered to, or mailed to and received by, the chairperson of the Election Committee before 8:30 P.M. on the close of election day. If a Member receives an absentee ballot and appears at the polling place on the day of election, he or she must first surrender his or her absentee ballot before casting his or her vote. No absentee ballots received at the polls later than 8:30 P.M. on the day of the election shall be valid. No absentee ballots are to be opened prior to the counting of votes by the Election Committee.

Section 8. Election

Candidates receiving the highest number of votes, up to the number of Directors to be elected, shall be elected to office.

Section 9. Vacancies and Removal of Directors

Any vacancy occurring on the Board of Directors and any vacancy created by reason of an increase in the number of Directors shall be filled by majority vote of the remaining Directors, though less than a quorum; or, by a sole remaining Director. Should the Board fail to fill a vacancy within sixty (60) days, the membership may do so. A Director appointed by the Board, or elected by the membership to fill a vacancy, shall serve the unexpired term of his or her predecessor.

A. Vacancies, Generally - A vacancy or vacancies in the Board of Directors shall be deemed to exist on the occurrence of any of the following: (1) the death, resignation or removal of a Director pursuant to subparagraphs (C) and (D) hereof; (2) an increase of the authorized number of Directors; or (3) the failure of the Members, at any meeting of Members at which any Director or Directors are to be elected, to elect the number of Directors to be elected at such meeting.

B. Resignation of Directors - Except as provided in this subparagraph, any Director may resign, which resignation shall be effective on giving written notice to the President, the Secretary, or the Board of Directors, unless the notice specifies a later time for the resignation to become effective. If the resignation of a Director is effective at a future time, the

Board of Directors may appoint a successor to take office when the resignation becomes effective.

C. Authority of Board to Remove Directors - The Board of Directors shall have the power and authority to remove a Director and declare his or her office vacant if he or she: (1) has been declared of unsound mind by a final order of court; (2) has been convicted of a felony; or (3) fails to attend three consecutive regular meetings of the Board of Directors which have been duly noticed in accordance with California Law, unless a majority of the Board has approved a number greater than three.

D. Authority of Members to Remove Directors - Except as otherwise provided in subparagraph (C.) a Director may only be removed from office prior to expiration of his or her term by the affirmative vote of a majority of a quorum of the Members in good standing.

Section 10. Meetings of Directors

A. Place - Meetings of the Directors shall be held at such locations as may be designated by the Board.

B. Regular Meetings - The Board of Directors shall meet regularly once each month on such day and at such time and place as it shall specify. Meetings that are cancelled shall be noticed at the location of the scheduled meeting.

C. Special Meetings - Special Meetings of the Board of Directors may be called by or at the request of the President or any two (2) Directors.

D. Notice - Notice of the time and place of special Board meetings shall be given by, or at the direction of, the Secretary to each Director personally or by United States mail addressed to him or her at his or her address as it appears on the books of the Association at least seven (7) days prior to the date of the meeting. Members will be notified of special Board meetings by the posting of a notice at the location of the scheduled meeting.

E. Quorum - Four (4) Directors shall constitute a quorum for the transaction of business.

F. Action without Meeting - The Directors shall have the right to take any action in the absence of a meeting, which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors. Such action must be recorded within thirty (30) days in records open to membership inspection.

G. Meetings Open to Members - All regular and special meetings of the Directors shall be open to all Members of the Association. Members in good standing may participate in any deliberations or discussion at appropriate times, and must be allowed to speak at a time provided for on the agenda. Time limits for all speakers may be established, as the Board deems appropriate.

H. Executive Session - The Board, on the affirmative vote of a majority of the Directors present at a meeting at which a quorum has been established, shall be entitled to adjourn at any time to reconvene in executive session to discuss: (1) litigation in which the Association is or may become a party; (2) matters relating to the formation of contracts with third parties; (3) Member discipline; or (4) personnel matters. The Board must meet in executive session if requested by a Member who may be subject to a fine, penalty, or other form of discipline and the Member who is the subject of the disciplinary proceeding shall be entitled to attend that part of the executive session devoted to the Members concern. Any matter discussed in executive session shall be generally noted in the minutes of the next Board meeting, taking into consideration the need to maintain confidentiality.

I. Conduct of Meetings - The Board of Directors shall consider no business at any meeting of the Directors at which a quorum of Directors is not present, and the only motion which the Chair shall entertain at such meeting is a motion to adjourn and to reschedule the next Board meeting.

J. Meetings of the Directors shall be governed by Robert's Rules of Order, as such rules may be revised from time to time, insofar as such rules are not inconsistent or in conflict with these Bylaws, with the Articles of Incorporation, the Covenants, Conditions or Restrictions, or with the law.

K. Meetings of Directors shall be presided over by the President of the Association or in his or her absence by the Vice President or, in the absence of both, by a chairperson chosen by a majority of the Directors present. The Secretary of the Association shall act as Secretary of the Board, provided, however, that in the absence of the Secretary, the presiding officer shall appoint a person to act as Secretary for the meeting.

Section 11. Majority Action as Board Action

Every act or decision done or made by a majority of the Directors present at any meeting duly held at which a quorum is present is the act of the Board of Directors, unless the law, the Articles of Incorporation, these Bylaws or the Covenants, Conditions or Restrictions require a greater number than the majority of the Board.

Section 12. Compensation

Directors shall serve without compensation except that actual expenses may be allowed and paid for expenses incurred.

ARTICLE V OFFICERS OF THE BOARD

Section 1. Numbers and Titles

The officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer. Other officers may be elected as the Board may direct.

Section 2. Qualifications, Election and Term of Office

Officers of the Board shall be Employees or Members in good standing of the Association and elected annually by the Board of Directors at the first regular meeting of the Board following the annual election of Directors. Each officer of the Board shall hold office until he or she resigns, is removed as an officer by the Board, or is otherwise disqualified to serve.

Section 3. Removal and Resignation

Any officer of the Board may be removed from his or her office as such, with or without cause, by a majority of the Directors at that time in office. Board members removed as a Board officer remain as members of the Board of Directors unless they should cease to be qualified as a Director as provided for in these Bylaws.

Any officer elected by the Board may resign his or her officer position at any time. Any such resignation shall become effective on the date of written receipt of such notice, or at such later time as may be specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be required to make it effective.

Section 4. Vacancies

A vacancy on the Board in any officer position caused by the death, resignation, removal, disqualification, or otherwise, shall be filled by the Board of the Directors.

Section 5. Duties of the President

The President shall exercise general supervision of the affairs and activities of the Association, shall preside at all meetings of the Members and Board of Directors at which he or she is present, and shall serve as an ex-officio member of all standing committees. The President may engage in all executive activities incidental to his or her office and in those executive activities authorized by the Board.

Section 6. Duties of the Vice President

The Vice President shall assume any of the duties of the President whenever the latter is absent or is unable to, or refuses to act.

Section 7. Duties of the Secretary

The Secretary shall keep the minutes of all meetings of the Members and of the Board of Directors and shall be the custodian of all Association records; certify and keep a book record of all updated Bylaws, as provided for in Article VIII, Section 3.

Section 8. Duties of the Treasurer

The Treasurer shall receive and deposit in appropriate bank accounts all monies for the Association, and shall disburse such funds as directed by the Board; may co-sign all checks and promissory notes of the Association; shall keep proper books of account, cause an annual review of the Association's financial records to be made by a public accountant at the end of each fiscal year (if review is ordered by the Board), and prepare an annual budget of income and expenditures for presentation at the Annual Meeting and published for the membership.

If the Association engages the services of a manager or a public accountant to undertake any of these tasks, the Treasurer may be relieved of those specific duties delegated to such manager or public accountant.

The Treasurer shall be an ex-officio member of any appointed Finance Committee.

Section 9. Duties of the Membership Director

The Board may elect to have a Membership Director who shall keep a membership record containing the name and address of each Member, and, in any case where membership has been terminated, record such fact in the record together with the date on which the membership ceased.

Section 10. Compensation

Officers of the Association shall serve without compensation, except that actual expenses may be allowed and paid for approved expenses incurred. At the Board's discretion, other actual expenses incurred in conducting Association business may be allowed. A permanent record shall be kept of all approved and paid expenses.

**ARTICLE VI
COMMITTEES**

Section 1. The Association shall have such committees as established by the President and/or the Board.

Section 2. Chairmen of Standing Committees or Ad hoc Committees may be appointed by the President or Board; or, alternatively as elected by each committee, and serve until their term expires or until their successors are appointed, unless they are removed earlier by the President or Board. Members of Committees shall serve at the pleasure of the Board and/or President of the Board.

Section 3. The Board shall appoint a Design and Environmental Review Committee (D.E.R.C.), as provided in Article 1.3 of the CC&Rs.

Section 4. Any vacancy on any Committee may be filled in the same manner as provided in the case of the original appointment and any such appointee shall serve the unexpired portion of his or her predecessor's term.

ARTICLE VII INSTRUMENTS, DEPOSITS, FUNDS, BOOKS, AND RECORDS

Section 1. Contracts

The Board of Directors may authorize any member of the Board or agent of the Association, in addition to its officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of, and on behalf of the Association, and such authority may be general or confined to specific instances. Unless so authorized, no officer, agent or employee shall have any power or authority, except as provided for in these Bylaws, to bind the Association by any contract or engagement, or to pledge its credit, or to render it liable pecuniarily for any purpose or in any amount.

Section 2. Checks

All checks, drafts or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association shall be signed by any two members of the Board.

Section 3. Deposits

All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board of Directors may select.

Section 4. Books and Records

In general, all Association Governing Documents and records of all actions taken by the Board or the Design and Environmental Review Committee are available to the membership for their inspection under reasonable conditions. The Board shall adopt specific policies, as provided by law, to control the times and circumstances when records may be inspected, and/or copied, and determine the reasonable charge for this service.

Section 5. Budget and Financial Disclosures

Up-to-date balance sheets and income statements made at Board meetings will be available to the membership upon request. The annual budget and end of year financial statement will be included in a membership Newsletter and/or as a separate mailing sent to each member.

ARTICLE VIII BYLAWS

Section 1. Effective Date

These Bylaws shall become effective immediately upon their adoption. Amendments to these Bylaws shall become effective immediately upon their adoption unless the Board of Directors, or Members, in adopting them, provide that they are to become effective at a later date.

Section 2. Amendment

New Bylaws may be adopted, or these Bylaws may be amended or repealed by the vote of a majority of the Directors, except where prohibited by these Bylaws or by law, or by a vote

of a majority of a quorum of the members in good standing at any regular or special meeting called for this purpose or by written ballot conducted in accordance with Article III, Section 10.

At least thirty (30) days prior to any vote by the membership to amend the Bylaws, the text of the proposed amendment shall be distributed in writing to all Members in good standing.

Section 3. Certification and Inspection

The original, and a copy of the Bylaws as amended or otherwise altered to date, certified by the Secretary of the Association, shall be recorded and kept in a book which shall be kept at the direction of the Secretary of the Association, and such book shall be open to inspection by the Members by appointment.

**ARTICLE IX
DISCIPLINE OF MEMBERS**

In order to achieve compliance with the Association's Covenants, Conditions and Restrictions (CC&Rs) for Discovery Bay, the Board may establish enforcement procedures that include disciplinary fines, interest and collections costs, if any, for continued CC&R violations. Any discipline of members of this Association must be done in good faith and in a fair and reasonable manner as provided for in the California Corporations Code, Section 7341.

Section 1. Contents of Enforcement Procedures

Any procedures adopted by the Board must include, but shall not limited to, the following: (A.) summary of the enforcement procedures; (B.) informal dispute resolution; (C.) initiation and conduct of formal disciplinary proceedings; (D.) appeals procedures; (E.) schedule of fines, and (F.) effect of failure to comply with the decision of the Association.

Section 2. Hearing Panel

The Board may appoint a Hearing Panel to hear all unresolved charges of CC&R violations or disputes relating to discipline pursuant to these Bylaws. The Hearing Panel will closely follow the procedures established in Section 1 (C.) above. The Hearing Panel may impose fines for uncorrected CC&R violations according to a schedule of fines adopted by the Board for common or recurring violations of the CC&Rs.

Section 3. Right to Appeal Hearing Panel Decisions

A Member may appeal the decision to impose fines directly to the Board. The Board shall then follow the appeals procedures adopted in and pursuant to Section 1 (D) of the Governing Documents and CC&R Enforcement Procedures.

Section 4. Right of Members to Receive Enforcement Procedures and Schedule of Fines

A. Enforcement Procedures

An initial mailing of the Governing Document and CC&R Enforcement Procedures will be made to the membership. Following this initial mailing, any changes made in these procedures will be published in the Association's Newsletter in its next publication.

B. Schedule of Fines

Early in each year the schedule of fines, including any changes, will be mailed to each member.

ARTICLE X MISCELLANEOUS PROVISIONS

Section 1. Corporate Seal

The Board of Directors shall provide a corporate seal, which shall be in the form of two concentric circles with the words "Discovery Bay Property Owners' Association, Inc." and the words and figures "Incorporated August 6, 1973, California." Such seal shall be affixed to all corporate instruments, but failure to affix it shall not affect the validity of any such instrument.

Section 2. Fiscal Year

The fiscal year of the Association shall be from October 1 to September 30.

Section 3. Definition of Terms

As used in these Bylaws:

- A.** The present tense includes the past and the future tenses, and the future tense includes the present.
- B.** The singular number includes the plural, and the plural number includes the singular.
- C.** The word "shall" is mandatory and the word "may" is permissive.
- D.** The words "Directors" and "Board," as used in the Articles of Incorporation or in these Bylaws in relation to any power or duty requiring collective action, mean the Board of Directors.
- E.** "Defined Area" is a portion of the area known as Discovery Bay in Byron, County of Contra Costa, California, and is that area particularly described in Exhibit "A" and Exhibit "B", attached hereto.
- F.** The word "lot" means those lots so designated in Exhibit "A" and Exhibit "B".
- G.** The terms "Member in good standing" and "Member not in good standing" have the meaning stated in Section 5 of Article II, Paragraph C. of these Bylaws.
- H.** Unless otherwise noted, the use of the term Member or Members as used in these Bylaws means a Member or Members in good standing.
- I.** "Newsletter" means any regular publication mailed to the Membership.
- J.** The term "Corporation," "Association" and "Discovery Bay Property Owners' Association, Inc." are interchangeable.
- K.** The term "Assessment" includes annual assessment, special assessments, late fees, interest, and collection costs, if any.
- L.** The term "Disciplinary Fine" includes interest and collection costs, if any.

ARTICLE XI INVALIDITY

In the event that any court of competent jurisdiction finds any provision herein contained to be invalid or void, this shall in no way affect any other provision of these Bylaws.

ARTICLE XII INTERPRETATION

In case of any uncertainty as to the meaning of any of the provisions of these Bylaws, the Board of Directors shall interpret the same and such interpretation shall govern, unless

countermanded by the vote of the Members entitled to vote at which a quorum is present, which in such case shall prevail. The membership shall be notified by mail or in the Association's Newsletter of any interpretations made by the Board.

ARTICLE XIII INDEMNIFICATION

This Association shall indemnify any Director, officer or management personnel who is named as a party, or is threatened to be made a party to any legal action or proceeding by reason of the fact that such Director, officer, or management personnel is or was an agent of the Association. The Association's indemnity hereunder shall extend to all expenses, judgment, fines, settlements, or other amounts actually and reasonably incurred in connection with any such litigation or proceeding to the full extent that indemnification is authorized and permitted by Corporations Code section 7237. This same coverage also applies to employees and members of Standing and Ad hoc Committees, serving without compensation.

EXHIBIT A

DISCOVERY BAY

UNIT ONE

MAP RECORDED

ORIGINAL CC&Rs RECORDED

DATE: 9/11/68

10/1/70

BOOK: 123

6225

PAGES: 19 thru 36

283 thru 311

ALL REFERENCES ARE TO CONTRA COSTA COUNTY RECORDS

| TRACT/LOTS | MAP | ORIGINAL | 6-1-85 | CC&Rs |
|------------|-----------|-----------|------------|-----------|
| | RECORDED | CC&Rs | RATIFIED & | AMENDED & |
| | BOOK/PAGE | RECORDED | RECORDED | RECORDED |
| | DATE | BOOK/PAGE | BOOK/PAGE | BOOK/PAGE |
| | DATE | DATE | DATE | DATE |
| 3653/106 | 123/18 | 6225/283 | 13883/251 | |
| Amended | 169/42 | 10-1-70 | 9-4-87 | |
| 4076/96 | 134/19 | 6271/170 | 13845/676 | |
| | 12-9-70 | 12-9-70 | 8-19-87 | |
| 4086/173 | 142/45 | 6541/430 | 13883/323 | |
| | 12-15-71 | 12-15-71 | 9-4-87 | |
| | 171/36 | 7390/296 | | |
| | 7-25-74 | 10-8-74 | | |
| | | 8439/189 | | |
| | | 7-28-77 | | |
| 4178/10 | 146/32 | 6669/134 | 13845/781 | |
| | 5-18-72 | 6-7-72 | 8-19-87 | |
| 4205/102 | 147/27 | 6680/283 | 14021-72 | 14693/284 |
| | 6-22-72 | 6-22-72 | 11-16-87 | 11-3-88 |
| 4206/117 | 148/1 | 6690/159 | 14095/676 | 14693/306 |
| | 4-6-72 | 7-6-72 | 12-29-87 | 11-3-88 |
| 4207/175 | 197/41 | 8380/356 | 13369/255 | 14693/302 |
| | 6-3-77 | 6-17-77 | 1-5-87 | 11-3-88 |
| 4223/16 | 165/31 | 8439/189 | 14021/2 | |
| | 12-19-73 | 7-28-77 | 11-16-87 | |
| 4224/9 | 165/38 | 8439/189 | 13845/746 | |
| | 12-19-73 | 7-28-77 | 8-19-87 | |
| 4342/22 | 159/21 | 6995/369 | 14085/399 | 14693/304 |
| | 7-13-73 | 7-13-73 | 12-22-87 | 11-3-88 |

| TRACT/LOTS | MAP | ORIGINAL | 6-1-85 | CC&Rs |
|------------|--------------------|-----------------------|-----------------------|----------------------|
| | RECORDED | CC&Rs | RATIFIED & | AMENDED & |
| | BOOK/PAGE | RECORDED | RECORDED | RECORDED |
| | BOOK/PAGE | BOOK/PAGE | BOOK/PAGE | BOOK/PAGE |
| | DATE | DATE | DATE | DATE |
| 4378/45 | 198/8 6-10-77 | 9130/474 12-5-78 | 14021/37 11-16-87 | 14693/296 11-3-88 |
| 4566/30 | 178/10 5-15-75 | 6680/283 6-22-72 | 14104/844 12-31-87 | 14693/288 11-3-88 |
| Amended | 179/9 6-27-75 | 8439/189 7-28-77 | | |
| 4687/65 | 211/5 5-24-78 | 8998/67 9-6-78 | 14085/364 12-22-87 | 14693/290 11-3-88 |
| 5353/159 | 219/24 12-21-78 | 9218/435 2-7-79 | 13845/711 8-19-87 | 14693/299 11-3-88 |
| 5586/197 | 233/13 11-7-79 | 9610/128 1-31-80 | 14042/799 11-30-87 | 14693/294 11-3-88 |
| | | 9716/329 1-30-80 | | |
| | | 9879/632 6-13-80 | | |
| | | 10302/544 4-29-81 | | |
| 6026/111 | 250/83 4-17-81 | 10287/263 4-17-81 | 13883/286 9-4-87 | 14693/300 11-3-88 |
| 6144/182 | 277/42 3-28-84 | 1720/866 3-30-84 | 14042/764 11-30-87 | 14693/286 11-3-88 |
| 6504/34 | 291/35 7-22-85 | 12565/272 10-16-85 | 14085/434 12-22-87 | 14693/292 11-3-88 |

CERTIFICATE OF ADOPTION

I, the undersigned, do hereby certify;

THAT I am the duly elected and acting secretary of the DISCOVERY BAY PROPERTY OWNERS' ASSOCIATION, INC., a California Corporation, and

THAT the foregoing Bylaws were approved by the method noted below:

1) Approved by the Board of Directors where permitted by these Bylaws or by law on July 8, 2008.

IN WITNESS WHEREOF, I have hereto subscribed my name to this 8th day of July, 2008.

Secretary