

**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.

