

CYPRESS POINT LAKES ASSOCIATION, INC.

BYLAWS

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IN WITNESS WHEREOF

BYLAWS OF  
CYPRESS POINTS LAKES ASSOCIATION, INC.

ARTICLE I  
NAME AND LOCATION

The name of the corporation is C. P. LAKES ASSOCIATION, INC., hereinafter referred to as the "Association." The principal office of the Association shall be located at Mountain View, Santa Clara County, California.

ARTICLE II  
DEFINITIONS

2.1 "Declaration" shall mean and refer to the Enabling Declaration Establishing A Plan For Condominium Ownership applicable to the Property recorded on the 13th day of November, 1979, in Book E 940, page(s) 471 through 504, Official Records, Santa Clara County.

2.2 The definitions contained in the Declaration are incorporated by reference herein.

ARTICLE III  
MEETING OF MEMBERS AND VOTING

3.1 Annual Meeting. A regular meeting of the members shall be held once each calendar year. Such annual meeting shall be held each year on the 15th of May, at 7:00 o'clock p.m., if such day is not a legal holiday, and if it is a legal holiday, then on the next succeeding business day at the same hour.

3.2 Special Meetings. Special meetings of the members shall be promptly called by the Board of Directors upon the vote for such a meeting by a majority of a quorum of the Board of Directors, or upon receipt of a written request for such a meeting signed by members entitled to vote not less than twenty-five percent (25%) of the total voting power of the Association or by members entitled to vote not less than fifteen percent (15%) of the voting power of the Association residing in members other than Declarant. If the Association is the obligee under a bond or other arrangement to secure performance of the commitment of the Declarant to complete common area improvements which have not been completed prior to the close of escrow of the sale of the first unit, and the provisions of Section 11.14 of the Declaration are applicable, a special meeting of members may be called in accordance with the provisions of Section 11.14 of the Declaration which provisions are incorporated by reference herein.

3.3 First Meeting. The first meeting of the members, whether a regular or a special meeting, shall be held within forty-five (45) days after the closing of sale of the project interest which represents the fifty-first (51st) percentile interest authorized for sale under the report for the

project, but not later than six (6) months after the close of escrow on the first sale of a condominium in the project.

3.4 Notice and Place of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by personal delivery or by mailing a copy of such notice, first-class postage prepaid, at least ten (10) days, except in emergency situations, but not more than ninety (90) days before such meeting and to all members, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. Regular and special meetings shall be held in the Recreation Room of the project or at a meeting place designated by the Board of Directors, within Santa Clara County, California, and as close to the project as possible.

3.5 Quorum. The presence either in person or by proxy, at any meeting, of members entitled to cast not less than a majority of the votes of the Association, shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, a majority of the members entitled to vote thereat may, unless otherwise provided by law, adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the meeting date, at which meeting the quorum requirements shall be at least twenty-five percent (25%). 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 members to leave less than a quorum.

3.6 Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his unit, or upon receipt of notice by the secretary of the Board of the death or judicially declared incompetence of a member, or upon the expiration of eleven (11) months from the date of the proxy.

3.7 Voting. Each unit shall have one vote, in accordance with Article VI of the Articles of Incorporation of the Association.

#### ARTICLE IV

##### BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

4.1 Number. The affairs of this Association shall be managed by a Board of seven (7) Directors, who need not be members of the Association.

4.2 Term of Office. At the first meeting of the Association the members shall elect three (3) Directors for a term of one (1) year, and four (4) Directors for a term of two (2) years. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve for a term of two (2) years.

4.3 Removal. Unless the entire Board is removed from office by the vote of Association 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 is greater than the quotient arrived at by dividing the total number of votes that may be cast under cumulative voting procedures by a divider equal to 1 plus the authorized number of Directors. In the event of death, resignation or removal of a Director, his successor shall be selected by a majority of the remaining members of the Board and shall serve for the unexpired term of his predecessor.

4.4 Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses, if reasonable, incurred in the performance of his duties.

4.5 Action Taken Without a 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 taken shall have the same effect as though taken at a meeting of the Directors.

4.6 Indemnification of Officers and Directors. Each Director and officer shall be indemnified by the Association and the members against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him by judgment or settlement in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Director or officer of the Association, except in cases of fraud, gross negligence or bad faith of the Director or officer in the performance of his duties.

## ARTICLE V

### NOMINATION AND ELECTION OF DIRECTORS

5.1 Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two(2) or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the members, to serve until the close of such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

5.2 Election. The first election of the Board shall be conducted at the first meeting of the Association. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting shall be utilized during all elections in which two or more positions on the Board are to be filled. Voting for Directors shall be by secret written ballot. If at the time of any election a majority of the voting power of the Association resides in Declarant, and if at that time there is no Director on the Board who was elected to his position solely by the votes of members other than the Declarant and whose position on the Board is not up for election, the two (2) persons nominated for the Board who receives the highest number of votes cast by members other than Declarant shall be elected to the Board, and the remaining Directors shall be elected in accordance with normal voting procedures. If at the time of any election a majority of the

voting power of the Association resides in Declarant, and if at that time there is only one Director on the Board who was elected to his position solely by the votes of members other than Declarant and whose position on the Board is not up for election, the person nominated for the Board who receives the highest number of votes cast by members other than Declarant shall be elected to the Board and the remaining Directors shall be elected in accordance with normal voting procedures. A Director who was elected solely by the votes of members other than Declarant may be removed from office prior to the expiration of his term only by the votes of a majority of members other than Declarant.

## ARTICLE VI

### MEETINGS OF DIRECTORS

6.1 Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly at such place within the Project, and at such hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday, excluding Saturday and Sunday. Notice of the time and place of meeting shall be posted at a prominent place or places within the common area.

6.2 Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the president of the Association, or by any two Directors other than the president. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be sent to all Directors and posted at a prominent place or places within the common area not less than seventy-two (72) hours prior to the scheduled time of the meeting.

6.3 Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act performed or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

6.4 Open Meetings. All meetings of the Board shall be open to all members, but members other than the Directors may not participate in any discussion or deliberation unless expressly so authorized by a majority of a quorum of the Board.

6.5 Executive Session. The Board may, with approval 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, disciplinary matters, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

## ARTICLE VII

### POWERS AND DUTIES OF THE BOARD OF DIRECTORS

7.1 Duties. It shall be the duty of the Board of Directors to:

A. Maintenance: Maintain the project in accordance with Section 5.1A of the Declaration;

B. Insurance: Maintain insurance as required by Section 11.9 of the Declaration;

C. Discharge of Liens: Discharge by payment, if necessary, any lien against the common area and assess the cost thereof to the Member or Members responsible for the existence of said lien;

D. Assessments: Fix, levy, collect and enforce assessments as set forth in Article IV of the Declaration;

E. Expenses and Obligations: Pay all expenses and obligations incurred by the Association in the conduct of its business including, without limitation, all licenses, taxes, or governmental charges levied or imposed against the property of the Association;

F. Records: Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by twenty-five percent (25%) of the members;

G. Supervision: Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;

H. Enforcement: Enforce these Bylaws and the Declaration.

7.2 Powers. The Board of Directors shall have power to:

A. Manager: Employ a manager as provided in Section 5.2C of the Declaration and a rental agent as provided in Section 5.20 of the Declaration.

B. Adoption of Rules: Adopt rules in accordance with Section 5.2D of the Declaration;

C. Assessments, Liens and Fines: Levy and collect assessments and impose fines as provided in Section 5.2F of the Declaration;

D. Enforcement: Enforce these Bylaws and the Declaration in accordance with Section 10.1 of the Declaration;

E. Contracts: Contract for goods and/or services in accordance with Section 5.2K of the Declaration;

F. Delegation: Delegate its authority and powers to committees, officers or employees of the Association;

G. Use of Recreational Facilities: Limit the number of an owner's guests who may use the recreational facilities.

7.3 Prohibited Acts. The Board of Directors shall not take any of the following actions, except with the vote or written consent of a majority of the voting power of the Association residing in members other than Declarant:

A. Enter into a contract with a third person wherein the third person will furnish goods or services for the common area or the

Association for a term longer than one (1) year with the following exceptions:

(1) A management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration;

(2) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate;

(3) Prepaid casualty and/or liability insurance policies of not to exceed three (3) years duration provided that the policy permits short rate cancellation by the insured.

B. Incur aggregate expenditures for capital improvements to the common area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

C. Sell during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

D. Pay compensation to members of the Board or to the officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

## ARTICLE VIII

### OFFICERS AND THEIR DUTIES

8.1 Enumeration of Officers. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

8.2 Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

8.3 Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

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

8.5 Resignation and Removal. Any officer may be removed from office by the Board with or without cause. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

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

8.7 Multiple Offices. No person shall simultaneously hold the office of President and Secretary.

8.8 Duties. The duties of the officers are as follows:

A. President. The president shall preside at all meetings of the Board of Directors and of the members; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments.

B. Vice-President. The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

C. Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with the addresses, and shall perform such other duties as required by the Board.

D. Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall maintain the checking and savings account records of the Association (the Association's bank accounts shall permit the withdrawal of funds on the signatures of any two directors); shall keep proper books of account; shall prepare and shall distribute financial statements to each member.

(1) A pro forma operating statement (budget) for each fiscal year shall be distributed not less than sixty (60) days before the beginning of the fiscal year;

(2) A balance sheet of an accounting date which is the last day of the month closest in time to six (6) months from the date of closing of the first sale of a unit in the project, and an operating statement for the period from the date of the first closing to the said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the numbers of the condominium units and the name or names of the owners assessed;

(3) A balance sheet as of the last day of the Association's fiscal year and an operating statement for said fiscal year shall be distributed within ninety (90) days after the close of a fiscal year;

(4) Ordinarily an external audit by an independent public accountant shall be required for fiscal year financial statements (other than budgets) for any fiscal year in which the gross income to the Association exceeds \$75,000. The Board shall, in its sole discretion, determine whether the fiscal year financial statement for any particular year shall be audited or unaudited. First mortgagees shall, upon request, receive a financial

statement of the project within seventy-five (75) days following the end of the fiscal year of the project. The foregoing duties may be delegated to a manager appointed by the Board.

## ARTICLE IX

### COMMITTEES

The Association shall appoint an Architectural Control Committee, as provided in the Declaration and a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

## ARTICLE X

### BOOKS AND RECORDS

10.1 Inspection by Members. The membership register, books of account and minutes of meetings of the members, of the Board, and of committees shall be made available for inspection and copying by any member of the Association, or by his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a member, at the office of the Association or at such other place within the project as the Board shall prescribe.

10.2 Rules for Inspection. The Board shall establish reasonable rules with respect to:

A. Notice to be given to the custodian of the records by the member desiring to make the inspection;

B. Hours and days of the week when such an inspection may be made;

C. Payment of the cost of reproducing copies of documents requested by a member.

10.3 Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extra copies of documents.

## ARTICLE XI

### ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual, special and rental assessments which are secured by a continuing lien upon the condominium against which the assessment is made. Any assessments which are not paid within fifteen (15) 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 the date paid. The Association may bring an action at law against the owner personally obligated to pay the same or record a notice of assessment pursuant to Civil

Code Section 1356 and foreclose the lien against the unit, and interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the common area or abandonment of his unit.

## ARTICLE XII

### AMENDMENTS

12.1 Amendment of these Bylaws shall require the assent (by vote or written consent) of members of the Association representing a majority of a quorum present at a regular or special meeting of the members, and the assent (by vote or written consent) of members representing a majority of the voting power of the Association residing in members other than Declarant. Provided, however, the percentage of the voting power of the Association or of any class of members necessary to amend a specific provision of these Bylaws shall not be less than the percentage of affirmative votes prescribed for action to be taken under that provision.

12.2 In the case of any conflict between the Articles of Incorporation and the Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control. In case any of these Bylaws conflict with the provisions of the California Condominium Act, the provisions of said statute shall control.

## ARTICLE XIII

### MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of March and end on the last day of February of every year, except that the first fiscal year shall begin on the date of incorporation.

We, the undersigned, being all of the directors of C. P. LAKES ASSOCIATION, INC., do hereby certify:

That we are entitled to exercise all of the voting power of said Association;

That we hereby assent to the within and foregoing Bylaws and hereby adopt the same as the Bylaws of said Association.

IN WITNESS WHEREOF, we have hereunto subscribed our names this 19th day of November, 1979.

- End -