

BYLAWS
OF
CROWN SUMMIT VILLAS HOMEOWNERS ASSOCIATION

ARTICLE I. DEFINITIONS

Project Defined

Section 1.01 "Project" shall mean all of that certain real property described in Exhibit "A" attached and incorporated herein by reference.

Declaration Defined

Section 1.02 "Declaration" shall mean that certain Declaration of Covenants, Conditions, and Restrictions applicable to the Project and filed in the Office of the Recorder of the County of San Diego, on August 5, 1985 as File/Page No. 85-280411 and following, as the same may be amended from time to time in accordance with the terms thereof.

Other Terms Defined

Section 1.03 Other terms used herein shall have the meaning given to them in the Declaration and are hereby incorporated by reference and made a part hereof.

ARTICLE II. QUALIFICATIONS FOR MEMBERSHIP

Proof of Membership

Section 2.01 No person or persons shall exercise the rights of membership until satisfactory proof has been furnished to the Secretary of the Association of qualification as a Member or nominee of a Member pursuant to the terms of the Declaration. Such proof may consist of a copy of a duly executed and acknowledged grant deed or title insurance policy showing said person or the person nominating him is qualified in accordance therewith, which said deed or policy shall be deemed conclusive in the absence of a conflicting claim based upon a later deed or policy. The sole qualification for membership shall be ownership of a Condominium in the Project. The voting shares appurtenant to the membership shall be determined according to the schedule set forth in Article III of the Declaration. No membership may be separated from the property to which it is appurtenant; provided, however, that the privileges of ownership may be exercised by a nominee of an Owner designated in writing so long as (1) the nominee is a resident on the property to which the membership is appurtenant; (2) no charge is made for use of the membership in excess of the amount of any assessments levied against the Owner by reason thereof; and (3) any such assignment of privileges is revocable at the will of the Owner.

No Additional Qualifications

Section 2.02 No initiation fees, costs, or dues shall be assessed against any person as a condition upon his exercise of the

rights of membership except such assessments, levies, and charges as are specifically authorized under the Articles of Incorporation or the Declaration.

Certificates of Membership

Section 2.03 The Board of Directors may provide for the issuance of certificates evidencing membership in the Association which shall be in such form as may be determined by the Board. All certificates evidencing membership shall be consecutively numbered. The name and address of each Member and the date of issuance of the certificates shall be entered on the records of the Association maintained by the Secretary. If any certificates shall become mutilated, or destroyed, a new certificates may be issued therefor upon such terms and conditions as the Board may direct.

ARTICLE III. VOTING RIGHTS

Class Voting Structure

Section 3.01 The Association shall have two (2) classes of voting Membership.

(a) Class A: Class A Members shall be all Owners with the exception of the Declarant. Each Unit shall be entitled to one (1) vote for each Unit owned. When more than one (1) person holds an interest in any Unit, all such persons shall be Members and the vote for such Unit shall be exercised as they among themselves shall determine, but in no event shall more than one (1) vote be cast with respect to any Unit.

(b) Class B: Class B Member shall be the Declarant, who shall be entitled to vote three (3) votes for each Unit owned by him; provided, however, that Class B membership shall be converted to Class A membership and shall forever cease to exist on the occurrence of whichever of the following is first in time:

1. When the total outstanding votes held by Class A Members equal the total outstanding votes held by the Class B Members; or
2. On the date of the second anniversary of the original issuance of the final subdivision public report for the Project by the California Real Estate Commissioner.

Section 3.02 Proxies: Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting. A holder of a proxy need not be a member of the

Association. The proxy may be revoked at any time by written notice of the Member to the Secretary, and all proxies shall automatically terminate upon transfer of titles of a condominium by the Owner.

Section 3.03 Quorum: The presence either in person or by proxy at any meeting of Members entitle to cast at least fifty-one percent (51%) of the votes of the Membership, shall constitute a quorum for any action except as otherwise provided in the Declaration, or these By-Laws. In the absence of a quorum at a Members' meeting, a majority of those Members present in person or by proxy may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the original meeting date, at which meeting the quorum requirements shall be twenty-five percent (25%) of the total voting power of the Association. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings.

Section 3.04 Election of Board: Every Owner entitled to vote at any election for Board Members shall do so by secret written ballot. Cumulative voting is prescribed for all elections in which more than two (2) positions of the Board are to be filled, pursuant to the procedural prerequisites to cumulative voting prescribed in Section 7615(a) and (b) of the Corporations Code. If the Members do not have enough votes to elect at least one member of the Board, then one of the Board Members shall be elected separately by vote of the Members.

ARTICLE IV. ADMINISTRATION

Section 4.01 Association Responsibilities: The Board of the Association shall have the responsibility of administering the Project, approving the final budget, establishing and collecting monthly assessments and arranging for the management of the Project.

Section 4.02 Place of Meeting: Meetings of the Association shall be held within the Condominium Project or as close thereto as possible.

Section 4.03 Annual Meetings: The first meeting of the Members of the Association shall be held within forty-five (45) days after the closing of the sale of the Unit that represents the fifty-first (51st) percentile interest authorized for sale under the first final subdivision public report issued for the Project by the California Real Estate Commissioner, or within six (6) months after the closing of the sale of the first Unit within the Project, whichever is earlier. Thereafter, in each succeeding calendar year the annual meeting of the Members of the Association shall be held within seven (7) days of the calendar date of the first annual meeting date. The time shall be designed to encourage maximum attendance of Members. If the day for the annual meeting of the Members is a legal holiday, the meeting shall be held at the same hour on the first day following which is not a legal holiday (excluding Saturday and Sunday).

Section 4.04 Special Meetings: It shall be the duty of the President to call a special meeting of the Members (a) upon the vote for such a meeting by a majority of a quorum of the Board or (b) upon

receipt of a written request signed by Members representing no less than five percent (5%) of the total voting power of the Association. The Notice of any special meeting shall state the time time and place of such meeting and the purpose thereof.

Section 4.05 Notice of Meetings: It shall be the duty of the Secretary to mail or deliver a notice of each annual or special meeting, stating the purpose thereof, as well as the time and place where it is to be held, to the address of each Member as it appears on the Membership register of the Association, not less than ten (10) nor more than ninety (90) days prior to such meeting. The mailing or personal delivery of a notice in the manner provided in this Section shall be considered notice served. Upon written request therefore, written notice of each annual meeting shall be given to all first mortgagees.

Section 4.06 Adjourned Meetings: If any meeting cannot be organized because a quorum has not attended, the Members who are present, either in person or by proxy, may not transact any business except to adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called. The quorum requirement for the subsequent meeting shall be 25% of the voting power of all Members of the Association. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings.

Section 4.07 Action Without a Meeting: Any action which may be taken by the vote of Association Members at a regular or special meeting, except the election of Board Members, may be taken without a meeting if the Board distributes a written ballot to every Member entitled to vote on the matter. Such ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Board.

Approval by written ballot pursuant to this section shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

Ballots shall be delivered to Association Members in the same manner as provided for delivery of notice of meetings in Section 4.05 of this Article IV. All such ballots shall indicate the number of responses needed to meet the quorum requirement and, with respect to ballots other than for the election of directors, shall state the percentage of approvals necessary to pass the measure submitted. The ballot must specify the time by which it must be received in order to be counted.

Section 4.08 Order of Business: The order of business of all meetings shall be as follows: (a) roll call; (b) proof of notice of meeting; (c) reading of Minutes of preceding meeting; (d) reports of

officers; (e) report of committees; (f) appointment of inspectors of election; (g) election of Board members; (h) unfinished business; and (i) new business.

Section 4.09 Mortgagee Representation: First Mortgagees shall have the right to attend all membership meetings through a representative designated in writing and delivered to the Board.

Section 4.10 Fiscal Year: Unless modified by resolution of the Board, the fiscal year of the Association shall be the calendar year.

ARTICLE V. BOARD OF DIRECTORS

Section 5.01 Number and Qualifications: The affairs of the Association shall be governed by a Board of Directors ("Board"). The Board shall, prior to the first annual meeting, be composed of three (3) persons ("Board members or Board member"). From and after the first annual meeting, the Board shall be composed of three persons.

Section 5.02 Powers and Duties: (a) The Board shall have the power and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or these By-laws directed to be exercised and done by the Members. The powers of the Board shall include but not be limited to the following:

1. Enforcement and carrying out of the provisions of the Declaration, By-laws, Rules and Regulations, and other agreements.
2. Payment of taxes and special assessments which are or would become a lien on the Common Areas, or a portion thereof, unless such lien encumbers an undivided interest in the Common Areas as a part of a Condominium and is solely the obligation of the Owner of such Condominium.
3. Contracting and paying for fire, casualty, liability and other insurance insuring the Association, Board, and Condominium Owners.
4. Contracting and paying for maintenance, gardening, utilities,

- materials and supplies, and other goods and services relating to the Common Areas, and employment of personnel necessary for the operation of the Project, including legal and accounting services, subject to the limitations of paragraph (b) below.
5. Delegation of its powers to committees, officers or employees of the Association as expressly authorized in the Declaration and these By-laws.
 6. Preparation of budgets and financial statements as prescribed in Section 5.13 of this Article V.
 7. Formulation, adoption, and publication of Rules and Regulations governing the use of the Project, and the personal conduct of the Members and their guests thereon.
 8. Imposition of fines and suspension of voting rights for non-payment of assessments or other breaches of the Declaration, the By-laws, or the Association's published Rules and Regulations after notice and hearing which are required by other provisions hereof.
 9. Entering into any Unit where necessary in connection with maintenance or construction for which the Association is responsible.
 10. Payment for reconstruction of any portion or portions of the Project damaged or destroyed which are to be rebuilt by the Association.
 11. Levying of assessments as provided in the Declaration.

12. Election of officers of the Board.

13. Filling of vacancies on the Board except for a vacancy created by the removal of a Board member.

(b) The Board shall be prohibited from taking any of the following actions, except with the vote or written assent of a majority of each class of membership, and after termination of the two-class voting structure, then (1) a majority of the total voting power of the Association; and (2) a majority of the Members other than the Declarant.

1. Entering 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 year with the following exceptions: (i) a management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration or (ii) a contract with a public utility company if the rates charge of the materials or services are regulated by the Public Utilities Commission provided, however, that the term of the contract shall not exceed the short term for which the supplier will contract at the regulated rate or (iii) prepaid casualty and/or liability insurance policies of not to exceed three years duration, provided that the policy permits short rate cancellation by the insured.

2. Incurring aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of 5% of the budgeted gross expenses of the Association for that fiscal

year.

3. Filling of a vacancy on the Board created by the removal of a Board member.

Section 5.03 Other Duties: In addition to duties imposed by these By-Laws or by resolutions of the Association, the Board shall be responsible for the following: care, upkeep, and surveillance of the Project as provided in the Declaration; collection of monthly and special assessments from the Owners; and hiring and dismissing the personnel necessary for the Association's maintenance and operation of the Project.

Section 5.04 Management Agent: Subject to the limitations set forth in Section 5.02 of this Article V, the Board may employ for the Association a management agent and/or security officers at a compensation established by the Board to perform such duties and services as the Board shall authorize. The Association may not terminate professional management and assume self-management without the written consent of at least seventy-five percent (75%) of the first Mortgagees of Units in the Project. Any management agreement for the Project shall provide for termination by either party without cause and without payment of a termination fee, upon 30 days written notice, and shall have a term, not exceeding one year, renewable by agreement of the parties for successive one-year periods..

Section 5.05 Election and Term of Office: The first election of the Board shall be at the first meeting of Members and thereafter at each annual meeting of Members, but if such annual meeting is not held or Board members are not selected thereat, the Board members may

be elected at a special meeting held for that purpose. Voting for the Board shall be by secret written ballot. The term of office for each Board member shall be one (1) year and each shall hold office until a successor is elected.

Section 5.06 Vacancies: Vacancies in the Board caused by any reason other than the removal of a Board member by a vote of the Association shall be filled by vote of the majority of the remaining Board Members, and each person so elected shall be a Board member until the next annual meeting or special meeting of the Association.

Section 5.07 Removal of Board Members: At any regular or special meeting of the Association Members duly called, any one or more of the Board members may be removed with or without cause by a majority of the Association Members, and a successor may then and there be elected to fill the vacancy thus created (by cumulative voting as provided in Section 3.04 of Article III). Any Board member whose removal has been proposed by the Association Members shall be given an opportunity to be heard at the meeting. Unless the entire Board is removed from office by the vote of Members of the Association, no individual Board member shall be removed prior to the expiration of his term of office if the votes cast against removal would be sufficient to elect the Board Member if voted cumulatively at an election at which the same total number of votes were cast and the entire number of Board members authorized at the time of the most recent election of the Board member were then being elected; provided, however, that a Board member who has been elected to office solely by the votes of Members of the Association other than the Declarant, may be removed prior to the expiration of his term only by

the vote of at least a simple majority of the voting power residing in Association Members other than the Declarant.

Section 5.08 Organization Meeting: The first meeting of a newly elected Board shall be held within thirty (30) days of election at such place within the Project as shall be fixed by the Board at the meeting at which such Board was elected, and no notice shall be necessary to the newly elected Board members in order to legally constitute such meeting; provided a majority of the whole Board shall be present.

Section 5.09 Regular and Special Meetings: Regular meetings of the Board may be held at such time and place within the Project as shall be determined, from time to time, by a majority of the Board members, but at least one such meeting shall be held each month, unless business to be transacted does not justify such frequent meetings, in which case the Board shall meet at least every three months.

Special meetings of the Board may be called by written notice signed by the President or by any two members of the Board other than the President. The notice of a special meeting shall state the time, place, and purpose of the meeting.

Notice of the time and place of regular Board meetings shall be communicated to all Board Members not less than four (4) days prior to the meeting, and notice of the time, place, and purpose of special meetings shall be communicated to all Board members not less than 72 hours prior to the meeting, provided, however, that notice of a regular or special meeting need not be given to any Board member who

has signed a waiver of notice or a written consent to the holding of the meeting.

Section 5.10 Open Meetings and Notice to Members: Regular and special meetings of the Board shall be open to all Association Members; provided, however, that Association Members, other than the Board Members, may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board; provided, further, however, that upon the vote of a majority of a quorum of the Board, the Board may adjourn and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive sessions shall first be announced in open session.

Notice of the time and place of regular and special Board meetings shall be posted at a prominent place or places within the Common Area of the Project. The notice of regular meetings shall be so posted not less than four days prior to such meeting and the notice of special meetings (except in emergency situations) shall be so posted not less than 72 hours prior to such meeting.

Section 5.11 Quorum: At all meetings of the Board, a majority of the authorized and duly elected Board Members shall constitute a quorum for the transaction of business, and the acts of the majority of the Board Members present at a meeting at which a quorum is present shall be the acts of the Board. If at any meeting of the Board there is less than a quorum present, the majority of those

present may adjourn the meeting to a later time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted provided a quorum is present.

Section 5.12 Fidelity Bonds: A fidelity bond covering members of the Board, officers and employees of the Association and employees of any management agent, whether or not such persons are compensated for their services, naming the Association as obligee and written in an amount equal to at least three (3) months of the Association's assessments plus reserves shall be maintained.

Section 5.13 Financial Reports: (a) The following financial information shall be distributed by the governing body to all Members regardless of the number of Members or the amount of assets of the Association.

1. A budget for each fiscal year consisting of at least the following information shall be distributed not less than 45, nor more than 60 days prior to the beginning of the fiscal year.
 - 1.1. Estimated revenue and expenses on an accrual basis.
 - 1.2. The amount of the total cash reserves of the Association currently available for replacement or major repair of common facilities and for contingencies.
 - 1.3. An itemized estimate of the remaining life of, and the methods of funding to defray repair, replacement or additions to major components of the Common Areas and facilities for which the Association is responsible.

- 1.4. A general statement setting forth the procedures used by the governing body in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the Common Areas and facilities for which the Association is responsible.
2. A balance sheet, as 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 an interest in the subdivision, 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 number of the subdivision interest and the name of the entity assessed.
3. A report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year:
 - 3.1. A balance sheet as of the end of the fiscal year.
 - 3.2. An operating (income) statement for the fiscal year.
 - 3.3. A statement of changes in financial position for the fiscal year. For any fiscal year in which the gross income to the Association exceeds \$75,000, a copy of the review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy.

4. If the report referred to in (a)(3) above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statement was prepared from the books and records of the Association without independent audit or review.
5. In addition to financial statements, the governing body shall annually distribute within sixty (60) days prior to the beginning of the fiscal year a statement of the Association's policies and practices in enforcing its remedies against members for defaults in the payment of regular and special assessments including the recording and foreclosing of liens against Members' subdivision interests.

Section 5.14 Written Consent: The Board may take actions without a meeting if all of the Board Members consent in writing to the action to be taken. If the Board has resolved by unanimous written consent to take action, an explanation of the action taken shall be available at the Association office during normal business hours within three (3) days after the written consents of all the Board Members have been obtained.

ARTICLE VI

Section 6.01 Designation: The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be Board Members. One Board Member may hold the dual offices of Vice President and Treasurer. The Board may appoint an assistant Secretary, and such other officers as in its judgment may be necessary, and such other officers need not be Board Members.

Section 6.02 Election and Removal of Officers: The principal officers of the Association shall be elected by the Board at the organization meeting of each new Board and shall hold office at the pleasure of the Board. Upon an affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board, or any special meeting of the Board called for such purpose. Vacancies caused by resignation shall be filled by appointment by the President until an election is held by the Board.

Section 6.03 President: The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and off the Board. He shall have all of the legal powers and duties which are usually vested in the office of President of an Association including, but not limited to, the power to appoint committees from among the Members from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association. All disbursements fo fund, monies, and other assets of the Association shall require the joint written

signatures of the President and Treasurer, provided, however, that if either the President or Treasurer is not available the Secretary may sign in his place.

Section 6.04 Vice President: The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board.

Section 6.05 Secretary: The Secretary shall keep the minutes of the Board and the minutes of all meetings of the Association; he shall have charges of such books and papers as the Board may direct; and he shall, in general, perform all the duties incident to the office of Secretary. The Secretary shall also be responsible for maintaining the membership register of the Association.

Section 6.06 Treasurer: The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. Such books shall be open to inspection by any Member of the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name of and to the credit of the Association in such depositories as may from time to time be designated by the Board, and shall disburse the funds of the Association as may be ordered by the Board.

Section 6.07 Execution of Documents: The Board may authorize any

officer or officers to enter into any contract or execute any document in the name of and on behalf of the Association; and unless so authorized by the Board, no officer or other person shall have any power or authority to bind the Association or to pledge its credit or to render it liable for any debt or obligation.

ARTICLE VII

INDEMNIFICATION

Each Owner shall be liable to the Association for any damage to the Common Areas caused by the negligence or willful misconduct of the Owner or his family, guests, invitees or lessees, to the extent that the damages shall not be covered by insurance. Each Owner shall indemnify, hold harmless, and pay any costs of defense of each other Owner from claims for personal injury for property damage occurring within any Unit owned by the indemnitor, provided that this protection shall not extend to any indemnitee whose negligence or willful misconduct caused or contributed to the injury or damage; provided further that this Article VII is not intended to be for the benefit of any insurer and shall not affect nor limit the duty of any insurer to pay any claim which would be payable by said insurer but for this Article VII.

ARTICLE VIII

MORTGAGEES

Section 8.01 Notice to Association: An Owner who encumbers his condominium with a Mortgage or other security instrument shall notify the Association through the management agent, if any, or the President in the event there is no management agent, of the name and address of his Mortgagee, and the association shall maintain such information in a book entitled "Mortgagees of Condominiums." Any such Owner shall likewise notify the Association as to the release or discharge of any such Mortgage.

Section 8.02 Notice of Unpaid Assessments: The Owner Association shall, at the request of a Mortgagee of a Condominium, report any unpaid assessments due from the Owner of such Condominium.

ARTICLE IX

ENFORCEMENT

Section 9.01 Suspension: Notwithstanding any other remedy or action available to the Association, the membership and all rights and privileges thereof of any Member may be suspended by action of the Board for a period not to exceed thirty (30) days for (i) failure to pay any membership assessment in full promptly when due (whether or not he be personally obligated to pay such assessment), or (ii) violation of any provision of these By-Laws, or any provisions set forth in the Declaration or any Rules or Regulations of the Association. Such suspension shall not take effect unless the Member is notified in writing of the suspension and the reasons therefor at least fifteen (15) days prior to the effective date of the suspension, and if requested by said Member in writing within five (5) days after receipt of notice thereof, a hearing on said suspension is held before the Board. Said hearing shall be held by the Board at least five (5) days before the effective date of the suspension, and at said hearing the Member may appear and defend himself against the matters resulting in the notice of suspension.

Section 9.02 Fines: The Board shall also have the right, pursuant to the notice and hearing provisions of Section 9.01 and to such other procedures as the Board may establish, to assess fines against any Member who violates, or whose guest or guests violate, the Declaration, these By-Laws, or the Rules and Regulations then in effect. Fines may be levied for each such offense. For the first offense such fine shall not exceed \$25.00. For repeated offenses

finest shall not exceed \$100.00 for each offense. Any fine or fines so assessed by the Board shall be added to the assessment charges of the Member and be a lien as provided in the Declaration.

Section 9.03 Remedies Cumulative: The remedies provided herein shall be in addition to, and not in lieu of, or any other remedies which may be provided by the Declaration, these By-Laws, or under law.

Section 9.04 Attorneys' Fees: In any action brought of enforcement, damages, or declaratory relief with respect to the provisions of these By-Laws or the Declaration, the prevailing party shall be entitled to reasonable attorneys' fees.

ARTICLE X

AMENDMENTS

These Bylaws may be amended by the vote or written assent of a majority of each class of Members in existence at the time the amendment is considered. Upon cessation of two-class voting as provided in Article III, Section 3.01 herein, these By-Laws may be amended by a majority of the voting power of the Association and a majority of the votes of Members other than the Declarant. However, notwithstanding the above, no material amendment hereto shall become effective unless approved in writing by at least two-thirds of all first Mortgagees of Condominiums within the Project.

For the purposes of this Article X, the term "material amendment" shall mean amendments to provisions of these Bylaws governing the following subjects: 1. Change the prorated interest or obligations of any individual Condominium for the purpose of: (a) levying assessments or charges or allocating distribution of hazard insurance proceeds or condemnation awards; or (b) determining the prorated shares of ownership of each Condominium in the Common Area; 2. Abandon or terminate the Condominium Project, except as may be provided by statute; 3. Partition and subdivide any Condominium Unit; 4. By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the common elements. In that regard, the granting of easement for public utilities or for other purposes consistent

with their intended use of the Common Area shall not be deemed a transfer; 5. Use casualty insurance proceeds for losses to any improvements of the Common Area for other than the repair, replacement or reconstruction of such improvements.

An addition or amendment to the Bylaws shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only. An eligible Mortgage Holder who receives a written request to approve additions or amendments who does not deliver or mail to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

So long as there is a Class B membership in the Association, any amendment to these Bylaws shall require the prior approval of the VA. A draft of any amendment should be submitted to the VA for its approval prior to its approval by the membership of the Association.

ARTICLE XI

CONFLICTS

In the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XII

INSPECTION OF BOOKS AND RECORDS

The membership register, books of account, and minutes of meetings of the Association Members, of the Board, and of the Board's 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 subject to such reasonable rules as the Board may establish with respect to: (i) notice to be given to the custodian of the records by the Member desiring to make the inspection; (ii) hours and days of the week when such an inspection may be made; and (iii) payment of the cost of reproducing copies of documents requested by a Member.

Every Board Member 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 Board Member includes the right to make extracts and copies of documents.

CERTIFICATE OF SECRETARY

KNOW ALL MEN BY THESE PRESENTS THAT:

The undersigned, Secretary of the Association known as CROWN SUMMIT VILLAS HOMEOWNERS' ASSOCIATION, does hereby certify that the above and foregoing Bylaws were duly adopted by the Board of Directors of said Association on the _____ day of _____ 1985, and that they now constitute said Bylaws.

Secretary