

BYLAWS

OF

THE SAN ANTONIO VILLAGE OWNERS ASSOCIATION

as revised at the Annual Meeting, September 17, 1975

ARTICLE I

Principal Office

The principal office for the transaction of the business of the San Antonio Village Owners Association (hereinafter referred to as the "Association") is hereby fixed and located at 39 North San Marcos Road, Santa Barbara, California, 93111. The Board of Directors is hereby granted full power and authority to change said principal office from one location to another within the County of Santa Barbara, California.

ARTICLE II

Purposes

The primary and specific purposes and general purposes of the Association are set forth in the Articles of Incorporation of the Association. In furtherance of these purposes, the Association shall maintain all the common areas and facilities within the development.

ARTICLE III

Members

Section 1: Number of Members. There shall be one membership for each lot, excluding lots owned by the Association, located within the property subject to that Declaration of Restrictions recorded on November 20, 1972, as Instrument No. 45740, Book 2431, Page 1055, Official Records of Santa Barbara County, California, (hereinafter referred to as the "Declaration"). All lots now or hereafter subject to the Declaration are hereinafter sometimes collectively referred to as the "development". There shall be no classification of membership in the Association, and each membership shall be appurtenant to a parcel in the development.

Section 2: Qualification of Members. Each lot in the development shall be entitled to one membership in the Association. That membership, in the case of a lot in which title is vested in a single natural person, shall belong to such person, provided that a fee owner of a lot may designate in a contract for the sale of a lot that the contract buyer of such lot shall

have the vote therefore and shall exercise all rights and obligations of membership. Where the ownership of a lot is vested in more than one person, or in an entity other than a natural person, such owner or owners shall, from time to time, designate one natural person, in writing, to vote and exercise all of the rights of membership; in the case of ownership of a lot by a number of persons, including lots held in joint tenancy in common, the person so designated must be one of such joint owners. Any owner of an interest in any lot, even though not designated as the voting member, shall nevertheless be jointly and severally responsible for the dues, assessments and charges levied against, incurred by or attributed to the membership derived from the lots in which such owner has an interest.

Section 3: Transfer of Membership. Membership in the Association shall be transferable only when the entire given lot has been validly conveyed or assigned by written instrument or by operation of law. Any transfer made in accordance with this section shall be effective only upon the filing of a written notice with the Board of Directors by the seller, to the effect that said seller gives up and relinquishes all such privileges, rights and incidents for the period during which said agreement, conveyance or assignment remains effective. In connection with any transfer pursuant to this section, the Association shall charge the buyer-member a transfer fee for each transfer equal to one month's general assessment provided, however, no such charge may be made to the holder of a first deed of trust who acquired title to any lot by foreclosure, trustee's sale or a deed in lieu of foreclosure.

Section 4: Voting and Majority Rule. Each member shall be entitled to one vote for each membership on all questions. Except as expressly provided elsewhere in these Bylaws, a simple majority of the voting power of the members shall prevail on all questions.

Section 5: Power of the Members. The Bylaws and Covenants, Conditions and Restrictions of this Association may be adopted, amended or repealed at a meeting by a fifty-one percent (51%) vote in person or by proxy of a quorum at a duly called meeting or by the written assent of fifty-one percent (51%) of all members.

ARTICLE IV

Meetings of Members

Section 1: Place of Meeting. All annual meetings of members shall be held at the principal office of the Association, or at such other place within the County of Santa Barbara, State of California, subject to the limitations herein, as may be fixed from time to time by resolution of the Board of Directors, and all other meetings of the members shall be held either at the principal office or at such other place within the County of Santa Barbara, State of California, which may be designated either by the Board of Directors pursuant to authority hereinafter granted to said Board. Any meeting is valid wherever held, if held by the written consent of all members entitled to vote thereat, given either before or after the meeting and filed with the Secretary of the Association.

Section 2: Annual Meetings. Annual meetings of members shall be held on the third Wednesday of September at 7:30 o'clock p.m. local time of said day; provided that should said day fall upon a legal holiday, then any such annual meeting of members shall be held at the same time and place on the next day thereafter which is not a legal holiday.

Written notice of each annual meeting shall be given by the Secretary of the Association to each member entitled to vote, either personally or by sending a copy of the notice through the mail or by telegraph, charges prepaid, to his address appearing on the books of the Association or supplied by him to the Association for the purpose of notice. If a member supplies no address, notice shall be deemed to have been given him if mailed to the address of the parcel affected, or published at least once in some newspaper of general circulation in the County of Santa Barbara. All such notices shall be sent to each member entitled thereto not less than ten (10) days nor more than sixty (60) days before each annual meeting, and shall specify the place, the day and the hour of such meeting.

Section 3: Special Meetings. Special meetings of members for any purpose or purposes whatsoever may be called at any time by the President or by the Board of Directors, or by any two or more members thereof. Except in special cases where other express provision is made by statute, notice of such special meetings shall be given in the same manner as for annual meetings of members. Notices of any special meeting shall specify in addition to the place, the day and the hour of such meeting, the general nature of the business to be transacted.

Section 4: Adjourned Meetings. Any members' meeting, annual or special whether or not a quorum is present, may be adjourned from time to time by the vote of members present or represented at such meeting and entitled to cast a majority of votes represented at such meeting to a time not less than forty-eight (48) hours nor more than thirty (30) days from the time the original meeting was called. In the absence of a quorum, no other business may be transacted at any such meeting. It shall not be necessary to give any notice of such adjournment or of the business to be transacted at an adjourned meeting, other than by announcement at the meeting at which the adjournment is taken.

Section 5: Entry of Notice. Whenever any member who is entitled to vote has been absent from any meeting of members, whether annual or special, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such meeting was given to each member, as required by law and the Bylaws of the Association.

Section 6: Quorum. The presence in person or by proxy of members entitled to cast in excess of one-half (1/2) of votes represented by all members of the Association shall constitute a quorum for the transaction of business. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum, provided, however, there shall be deemed a quorum if there are present at the meeting when reconvened

- pursuant to Section 4 of this Article IV at least one-quarter (1/4) of votes represented by all members of the Association.

Section 7: Consent of Absentees. The transaction of any meeting of members either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the members entitled to vote, not present in person or by proxy, sign a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the records of the Association or made a part of the minutes of the meeting.

Section 8: Proxies. Every person entitled to vote or execute consents shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such person or his duly authorized agent and filed with the Secretary of the Association; provided that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution, unless the member executing it specifies therein the length of time for which such proxy is to continue in force, which in no case shall exceed two (2) years from the date of its execution.

Section 9: Balloting. On all questions where a majority of the members deem it necessary, and in any event in the election or removal of members of the Board of Directors, ballots shall be cast secretly and in writing, folded in such a manner that the way in which the ballot is marked cannot be seen, and deposited into a receptacle. The ballots shall be counted immediately upon collection thereof by two (2) members selected by the Chairman of the meeting. The Chairman shall announce the results of the balloting immediately and the ballots may be inspected by any members.

Section 10: Action Taken Without a Meeting. The members shall have the right to take any action in the absence of a meeting which they would take at a meeting by obtaining the written approval of all the members. Any action so approved shall have the same effect as though taken at a meeting of the members.

ARTICLE V

Directors

Section 1: Powers. Subject to limitations of the Articles of Incorporation or the Bylaws, or the California Corporations Code as to action to be authorized or approved by the members, and subject to the duties of directors as prescribed by the Bylaws, all corporate powers shall be controlled by the Board of Directors; without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the directors shall have the following powers, to wit:

(a) To select and remove all the other officers, agents and employees of the Association, prescribe such powers and duties for them as may not be inconsistent with law, with the Articles of Incorporation or the Bylaws, fix

their compensation and require from them security for faithful service;

(b) To conduct, manage and control the affairs and business of the Association, to provide for internal security, fire protection and such other common services and utilities as they may deem necessary and advisable, to maintain the roads, common areas and recreational facilities of the Association including any real or personal property owned by the Association and to make such rules and regulations therefor not inconsistent with law, with the Articles of Incorporation or these Bylaws as they may deem best;

(c) To contract and to levy assessments for the activities herein authorized.

(d) To adopt, make and use a corporate seal, and to prescribe the forms of certificates of membership, and to alter the form of such seal and of such certificates from time to time as in their judgment they may deem best, provided such seal and such certificates shall at all times comply with the provisions of law;

(e) To authorize the issue of memberships to such persons as shall be eligible for membership as in Article III of these Bylaws provides;

(f) To appoint an executive committee, and to delegate to such committee, subject to the control of the Board of Directors, any of the powers and authority of said Board except the power to adopt, amend or repeal the Bylaws;

(g) To enforce the provisions of that Declaration of Restrictions recorded on November 20, 1972 as Instrument No. 45740, Book 2431, Page 1055, Official Records of Santa Barbara County, California (the "Declaration") against the development;

(h) To exercise all the powers and authorities set forth in the Declaration including, without limitation, the assessment powers therein;

(i) To contract and to pay for maintenance, gardening, utilities, materials and supplies, and services relating thereto within the development and to employ personnel reasonably necessary for the operation of the project including lawyers and accountants where appropriate;

(j) To pay taxes and special assessments which are or would become a lien on the property of the Association, if any;

(k) To contract and pay premiums for fire, casualty, liability and other insurance including indemnity and other bonds, on said facilities, if any;

(l) To delegate its powers;

(m) The Board of Directors may, pursuant to uniform rules, suspend the voting rights or any other privileges of membership herein of an owner for any period during which any assessment against his parcel remains unpaid.

or for any period during which any infraction by an owner, his family or guests of this Declaration, the Association's Bylaws, Articles of Incorporation or rules continues and up to thirty (30) days thereafter, provided that any such suspension may be imposed only after a hearing by the Board of Directors, conducted at least five (5) days after written notice of the time, place and purpose of the hearing is given to such owner.

Notwithstanding any or all of the forgoing powers, the Board of Directors shall not enter into any contracts which bind it or the Association for a period in excess of one (1) year, unless reasonable cancellation provisions are included therein.

Section 2: Number and Qualification of Directors. The Board of Directors shall consist of five (5) directors until changed by appropriate amendment.

Section 3: Election, Term of Office and Removal. The directors shall be elected at each annual meeting of members to serve for a term of one (1) year, but if any such annual meeting is not held or the directors are not selected thereat, the directors may be elected at any special meeting of members held for that purpose. However, unless the entire Board is removed, an individual director shall not be removed if the number of votes voted against the resolution for his removal exceeds the quotient arrived at when the total number of outstanding votes entitled to vote is divided by one plus the authorized number of directors. All directors, unless removed, shall hold office until their respective successors are elected. In any vote for the election of or removal of more than one (1) director, members shall be entitled to cumulate their votes; that is, all or any part of the total number of votes that each member has (based upon one vote per member for each vacancy to be filled or director to be removed) may be cast for the election of or removal of any one director.

Section 4: Vacancies. Vacancies on the Board of Directors may be filled by a majority of the remaining directors, provided there is a quorum present, and each director so elected shall hold office until his successor is elected at an annual meeting of members or at a special meeting called for that purpose. If more than two (2) positions need to be filled, a special homeowners meeting for an election must be called.

A vacancy or vacancies shall be deemed to exist in case of the death, resignation or sale of his residential estate by any director, or if the members shall increase the authorized number of directors but fail at the meeting at which such increase is authorized, or at an adjournment thereof, to elect the additional directors so provided for, or in case the members fail at any time to elect the full number of authorized directors, or if a director is removed by the members.

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

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

Section 5: Place of Meeting. All meetings of the Board of Directors shall be held at the principal office of the Association within the County of Santa Barbara, or any such place or places within or without the State of California designated at any time by resolution of the Board or by written consent of all members of the Board.

Section 6: Organization Meeting. Immediately following each annual meeting of members, the Board of Directors shall hold a regular meeting for the purpose of organization, election of officers and the transaction of other business. Notice of such meetings is hereby dispensed with.

Section 7: Other Regular Meetings. Other regular meetings of the Board of Directors may be held without call at such place and day and hour as may be fixed from time to time.

Section 8: Special Meetings. Special meetings of the Board for any purpose or purposes whatsoever may be called at any time by the Chairman of the Board or by any two (2) directors and upon notice duly given in the manner provided in Section 2 of Article IV of these Bylaws and specifying, in addition to the place, the day and the hour of such meeting, the general nature of the business to be transacted thereat.

Section 9: Majority Rule. Except as expressly provided elsewhere in these Bylaws, a simple majority of the directors present at any meeting duly held at which a quorum is present shall prevail on all questions.

Section 10: Election of Officers. All officers shall be chosen by vote of the Board of Directors, except such officers as may be appointed in accordance with Sections 3 and 5 of Article VI hereof.

Section 11: Directors Acting Without a Meeting by Unanimous Written Consent. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting and with the same force and effect as if taken by a unanimous vote of directors, if authorized by a writing signed by all members of the Board. Such consent shall be filed with the regular minutes of the Board.

ARTICLE VI

Officers

Section 1: Officers. The officers of the Association will be President, Vice President, Secretary and Treasurer.

Section 2: Election. The officers of the Association, except such officers as may be appointed in accordance with the provisions of Section 3

or Section 5 of this Article, shall be chosen annually by the Board of Directors, and each shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

Section 3: Subordinate Officers, etc. The Board of Directors may appoint such other officers as the business of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws or as the Board of Directors may, from time to time, determine.

Section 4: Bond. Those officers and subordinate officers having direct responsibility for, signature authority for, custody of or access to the funds of the Association shall be and each of them is hereby required to obtain and furnish to their Association a bond from such bonding or insurance company and in such form as shall meet with the approval of the Board of Directors, for the true and faithful accounting to this Association of all of the funds of this Association in the custody of, and under the control of, each such officer and insuring this Association against loss for breach thereof, the cost of all such bonds to be paid by this Association.

Section 5: Removal and Resignation. Any officer may be removed, either with or without cause, by a majority of the directors at the time in office, at any regular or special meeting of the Board, or, except in the case of an officer chosen by the Board of Directors, by any officer upon whom such power of removal may be conferred by the Board of Directors.

Any officer may resign at any time by giving written notice to the Board of Directors or the President or the Secretary of the Association. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6: Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause, shall be filled in the manner prescribed in the Bylaws for the regular appointments of such office.

Section 7: President. Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chairman of the Board, if there be such an officer, the President shall be the chief executive officer of the Association and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the Association. He shall preside at all meetings of the members and in the absence of the Chairman of the Board, or, if there be none, at all meetings of the Board of Directors. He shall be ex-officio a member of all the standing committees including the executive committee, if any, and shall have the general powers and duties of management usually vested in the office of president of an association, and shall have such other powers and duties as may be prescribed by the Board of Directors or the Bylaws.

Section 8: Vice President. In the absence or disability of the President, the Vice Presidents in order of their rank as fixed by the Board of Directors, or if not ranked, the Vice President designated by the Board of Directors, shall perform all the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors or the Bylaws.

Section 9: Secretary. The Secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the Board of Directors may order, of all meetings of directors and members, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at directors meetings, the number of memberships present or represented at members' meetings and the proceedings thereof.

The Secretary shall keep, or cause to be kept, at the principal office or at the office of the Association's transfer agent, a membership register, or a duplicate membership register, showing the names of the members and their addresses, and the property to which each membership shall relate, the number of membership, the number and date of certificates issued for the same, and the number and date of cancellation of every certificate surrendered for cancellation.

The Secretary shall give or cause to be given, notice of all meetings of the members and of the Board of Directors required by the Bylaws or by law to be given, and he shall keep the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

Section 10: Treasurer. The Treasurer shall keep and maintain or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association. The books of account shall at all times be open to inspection by any director. The Treasurer shall deposit all monies and other valuables in the name and to the credit of the Association with such depositaries as may be designated by the Board of Directors. He shall disburse the funds of the Association as may be ordered by the Board of Directors, shall render to the President and directors, whenever they request it, an account of all his transactions as Treasurer and of the financial condition of the Association and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors of the Bylaws.

ARTICLE VII

Miscellaneous

Section 1: Record Date and Closing Membership Register. The Board of Directors may fix a time in the future not exceeding fifteen (15) days preceding the date of any meeting of members as a record date for the determination of the members entitled to notice of and to vote at any such meeting, and in

such case only members of record on the date so fixed shall be entitled to notice of and to vote at such meeting, notwithstanding any transfer of any memberships on the books of the Association after any record date fixed as aforesaid. The Board of Directors may close the books of the Association against transfers of memberships during the whole, or any part, of any such period.

Section 2: Inspection of Corporate Records. The membership register or duplicate membership register, the books of account and minutes of proceedings of the members and directors shall be open to inspection upon the written demand of any member, at any reasonable time and for a purpose reasonably related to his interests as a member, and shall be produced at any time when required by the demand of members entitled to cast at least ten percent (10%) of the votes represented at any members' meeting. Such inspection may be made in person or by an agent or attorney and shall include the right to make extracts. Demands of inspection other than at a members meeting shall be made in writing upon the President or Secretary of the Association. Every such demand, unless granted, shall be referred by such officer to the Board of Directors.

Section 3: Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such person or persons and in such manner as from time to time shall be determined by resolution of the Board of Directors.

Section 4: Contract, Etc., How Executed. The Board of Directors, except as in the Bylaws otherwise provided, may authorize any officer or officers, agent or agents to enter into any contract or execute any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent or employees shall have any power or authority to bind the Association by a contract or engagement or pledge its credit or to render it liable for any purpose or for any amount.

Section 5: Review or Audit of Accounts: All accounts of the Association shall be reviewed or audited annually, as soon as practicable after the close of the books for each year of operation, by an independent, recognized accounting firm, to be selected by the Board of Directors, and the report of such review or audit shall be made available to each member within thirty (30) days of completion.

We, the undersigned, being the persons appointed as of the date of acceptance of the Bylaw revisions, September 17, 1975, to act as members of the Board of Directors of the SAN ANTONIO VILLAGE OWNERS ASSOCIATION, hereby assent to the foregoing Bylaws, and adopt the same as the Bylaws of the Corporation.