

BYLAWS

LAGUNA WOODS MUTUAL NO. FIFTY

A California Nonprofit Mutual Benefit Corporation
March 3, 2000

ARTICLE I PRINCIPAL OFFICE

The principal office of Laguna Woods Mutual Fifty Corporation (hereinafter referred to as "Mutual Fifty", "Fifty" or "The Towers") is located at 23522 Paseo de Valencia, Laguna Woods, County of Orange, State of California. The Board of Directors may, by resolution, change the principal office from one location to another within Orange County.

The mail address is: P.O. Box 2220 Laguna Woods, California 92654 (or 24055 Paseo Del Lago West, Laguna Woods, California 92653, The Towers).

ARTICLE II PURPOSES, POWERS, GOVERNANCE AND DEFINITIONS

SECTION 1. PURPOSES. The purposes of Mutual Fifty are:

(a) To manage, operate and maintain certain real property located in Laguna Woods, California, and commonly identified as Mutual Fifty or The Towers, and all structures and land appurtenant thereto, except the inside areas of individually owned Condominiums, consistent with requirements of the Articles of Incorporation, Declaration of Covenants, Conditions and Restrictions, as amended, and these Bylaws;

(b) To operate as a Common Interest Development in accordance with the Davis-Stirling Act, in providing community facilities and services for authorized users;

(c) To engage in any business or activity now or hereafter permitted by law, the Articles of Incorporation of Mutual Fifty and these Bylaws.

SECTION 2. POWERS. Mutual Fifty has these powers:

(a) To take actions permitted by the Articles of Incorporation, these Bylaws, and the Restrictions as hereafter defined; and,

(b) To do any other act or deed or engage in any business or activity which is consistent with the Articles of Incorporation, Restrictions and these Bylaws and are now or hereafter permitted under the Nonprofit Corporation Law - General Provisions and Definitions, the Nonprofit Mutual Benefit Law, the Davis-Stirling Common Interest Development Act or other applicable law; and,

(c) To adopt rules and regulations to carry out the purposes of Mutual Fifty.

SECTION 3. GOVERNANCE. The authority to establish policy and perform various administrative functions and activities herein described is vested in a duly elected Board of Directors.

SECTION 4. DEFINITIONS. Throughout these Bylaws, the following terms shall have the meanings set forth below, unless the context otherwise requires:

- (a) Assessment or Monthly Assessment - Are the monthly and related charges which Mutual Fifty may levy upon its Members pursuant to its governing documents.
- (b) Ballot - The process of voting secretly, using a written document or ticket, or the document or ticket so used.
- (c) Board - The Board of Directors of this mutual corporation.
- (d) Common Area - All Mutual Fifty areas except the insides of Manors.
- (e) Common Interest Development Act - California Civil Code section 1350, et seq., and known as the Davis-Stirling Common Interest Development Act.
- (f) Community Facilities - Facilities and services operated under GRF direction, which include facilities owned by GRF and facilities held as Trustee for the Golden Rain Foundation of Laguna Woods Trust.
- (g) Computation of time - The time in which any act herein is to be done is computed by excluding the first day, and including the last, unless the last day is Saturday, Sunday or a holiday, in which case they are also excluded.
- (h) Condominium or unit - A property in The Towers conveyed by a "Deed" to the grantee thereof, together with or excepting any additions thereto or reductions therefrom.
- (i) Co-Occupant - Any person who resides with a Qualifying Resident, who is approved by the Board of Directors for occupancy, who shall certify on the application submitted to the Corporation that he satisfies at least one of the following criteria and shall provide such additional certification or information as Mutual Fifty or its managing agent may require:
- (j) at least forty-five (45) years of age, or
 - (ii) a spouse of a Qualifying Resident, or
 - (iii) a co-habitant of a Qualifying Resident, or
 - (iv) a provider of primary economic support to a Qualifying Resident, or (v) a provider of primary physical support to a Qualifying Resident
 - (vi) a permanently physically or mentally impaired or terminally ill adult who is a dependent child of the Qualifying Resident or Co-occupant, unless the Board determines that there are special circumstances to disallow this particular child as a Co-occupant. Special circumstances means a condition wherein this dependent child is or may be harmful to self or others.
- (j) Corporate Member - The term Corporate Member shall mean each mutual corporation in Laguna Woods as represented by the Directors of their respective Boards of Directors.
- (k) Director - A member of the Board of Directors.
- (l) Foundation or GRF - Means the Golden Rain Foundation of Laguna Woods.
- (m) GRF Trust - That certain trust created by the Trust Agreement recorded as Document 6217, Book 6953, Page 519 in the Recorder's Office, County of Orange, California, and all recorded amendments thereto.
- (n) Guest - An individual other than a Resident, Qualifying Resident, Lessee or Co-occupant, of any age. A Guest may stay in a Manor for sixty (60) days in any consecutive twelve (12) month period at the invitation of the Qualifying Resident or Co-occupant, subject to limitations on the maximum number of occupants in a Manor.

- (o) Lessee/Tenant - Those persons who lease a Manor from a Mutual Member or this Corporation.
- (p) Lessor - A Mutual Member or this Corporation who leases a Manor to a third party.
- (q) Management Agent - An agent under contract with the Corporation to carry out the policies and activities in the Management Agreement, in accordance with Article VII, Section 1.
- (r) Manor - The term Manor means a residential unit.
- (s) Membership - The rights an owner of a manor in Mutual Fifty has pursuant to these Bylaws. Memberships shall consist of persons who have been approved for Membership by the Board of Directors. There is one Membership per manor.
- (t) Mortgage - Means a mortgage or deed of trust on a condominium. Mortgagor includes mortgagors, trustees under deeds of trust and owners of Condominiums subject to mortgage.
- (u) Mutual Member - The term Mutual Member shall refer to a Member of a Mutual, as defined in the governing documents of the Mutual, who thereby has an appurtenant right of membership in GRF. It is a Condominium's Legal Owner who has been approved by the Board of Directors.
- (v) Mutual(s) - Refers to the housing mutual corporations which are Corporate Members of GRF Corporation.
- (w) Nonprofit Corporation Law - General Provisions and Definitions - As found in California Corporation Code section 5002, et seq.
- (x) Nonprofit Mutual Benefit Law - Found in California Corporation Code section 7710, et seq.
- (y) Open Meeting Act - Means section 1363.05 of the Davis-Stirling Common Interest Development Act and cited as the Common Interest Development Open Meeting Act.
- (z) Owner - Means any person or persons, trust, partnership or corporation which owns a condominium in Mutual Fifty. Owner does not include a mortgagee.
- (aa) Qualifying Resident - Means any Resident of a condominium who is at least fifty-five (55) years of age and satisfies the standards set forth in Section 1 of Article V.
- (bb) To Reside - Means to live in a Condominium sixty-one (61) days or more in any twelve (12) month period. Residence and Resident shall be interpreted accordingly.
- (cc) Restrictions - Means the Declaration of Covenants, Conditions and Restrictions (and amendments thereto) originally recorded June 13, 1973, in the office of the Orange County, California, Recorder.
- (dd) Rules - Means rules adopted by the Board of Directors pursuant to these Bylaws.
- (ee) Unruh Civil Rights Act - Means California Civil Code Section 51, et seq., and cited as the Unruh Civil Rights Act.

ARTICLE III

USE OF COMMUNITY FACILITIES

SECTION 1. USE OF COMMUNITY FACILITIES. The use of community facilities of GRF Corporation shall be available to all Mutual Members (other than a Mutual Member whose Manor has been leased), Qualifying Residents, Co-Occupants, Tenants, and their guests on the terms, conditions and at fees established, and amended by the Directors of GRF Corporation. No person shall be entitled to receive more than one (1) I.D. card and one (1) pass for use of the facilities.

SECTION 2. STATUS OF LESSOR. A Lessor transfers his rights to use of community facilities during the tenure of the Tenant. The Lessor must surrender the Mutual Member's gate pass and may be issued a restricted gate pass which does not include a right to the use of community facilities or access to community or common areas. The Lessor retains voting rights associated with the Manor being leased.

SECTION 3. STATUS OF CO-OCCUPANT WHO QUALIFIED AS "PROVIDER OF CARE" A person who has qualified and has been approved by the Mutual on the basis of being a provider of primary physical support to the Qualifying Resident is authorized to use the Community Facilities only as necessarily incidental to providing primary physical support to the Qualified Resident.

ARTICLE IV MEMBERSHIP

SECTION 1. CLASSIFICATION. A Mutual Member is any Owner of a condominium.

SECTION 2. MEMBERSHIPS. The number of Mutual Memberships authorized to be issued is 311 plus such additional Memberships as may be issued in accordance with these Bylaws. No person may hold more than one Membership for each Condominium owned by such person. A Membership may be owned by two or more Owners as undivided interests with respect to the same condominium.

SECTION 3. FINANCIAL CRITERIA.

(a) Who May Be a Mutual Member. Any person or persons, regardless of age, who meets the financial requirements established in the Corporation's Rules and Regulations, adjusted from time to time, may be a Mutual Member of the Corporation, but may or may not be eligible to reside in a Manor except as herein provided.

(b) Eligibility to Reside in a Manor. A person may reside in a Manor as a Qualifying Resident or as a Co-Occupant and a guest may be permitted temporary occupancy for a maximum period of sixty (60) days in any consecutive twelve (12) month period solely in conjunction with the occupancy of a Qualifying Resident or Co-Occupant and in accordance with Rules and Regulations adopted by the Corporation from time to time.

(c) Assessments: The Board of Directors shall annually approve an operating budget of anticipated revenues and expenses, including provisions for appropriate additions to this Corporation's reserves and refunds (if any) to the Mutual Members for the following year. The amount of such assessments shall conform to the requirements of the Restrictions. The sum of such assessments, plus the per Manor GRF Expenses and Reserves contribution, shall be assessed to the Manors on a monthly basis.

(d) Fees and Charges The Board of Directors, from time to time, shall fix and determine the amount to be paid as fees and charges for use of facilities and for services rendered by this Corporation.

(e) Special Assessments. Shall conform to Davis - Stirling Common Interest Development Law Section 1366 (b).

(f) Delinquencies, Collections, Late Charges, and Interest Assessed. This Corporation may file a Notice of Delinquent Assessment pursuant to Section 1367 of the Common Interest Development Law on each outstanding Membership to secure payment of any sums for any regular or special assessment, plus any costs of collection, late charges, and interest assessed in accordance with Section 1366 of the Common Interest Development Law, which may be due or may become due from the Member, including, without limitation, any sums due for use of the facilities or for services rendered by this Corporation or GRF. This Corporation may enforce payment of such sums in the manner permitted by law.

Additionally, in compliance with subsection (b) of Section 1367 of the Common Interest Development Law, the Corporation may also impose a lien against a Mutual Member's separate interest to enforce the collection of any monetary penalty imposed by the Corporation as a means of reimbursing it for costs incurred in the repair of damage to common areas and facilities and Community Facilities for which a Mutual Member or such Member's Guests or Tenants were responsible.

(g) Suspension of Use of Community Facilities. This Corporation may take appropriate action to suspend the use of all or any of the Community Facilities while Assessments are delinquent, subject to the provisions of Article V, Section 3. The Board may also recommend to GRF that GRF take action on matters within their jurisdiction.

SECTION 4. TRANSFER OF MEMBERSHIP. No Mutual Membership or interest therein shall be transferred except to the transferee of the Condominium to which it is appurtenant.

SECTION 5. TERMINATION OF MEMBERSHIP. A Membership in this Corporation shall be terminated for any one of the following reasons:

- (a) Purchase. The purchase by Mutual Fifty of the Mutual Members manor.
- (b) Foreclosure. The exercise, by a Mutual or by a lender, of a power of sale under a lien, mortgage or deed of trust, or a foreclosure of the Mutual Member's rights under any such instrument.
- (c) Determination. Certain determination by the Mutual that the Membership is terminated.

SECTION 6. MEMBERSHIP FEES. The Board of Directors, from time to time, shall fix and determine the amount to be paid as assessments, membership fees, transfer fees and fees and charges for use of facilities and for services rendered by the Corporation.

ARTICLE V CONTROL OF USE

SECTION 1. APPLICATION FOR RESIDENCY. No person may reside in a Condominium without the prior written approval of the Corporation. Application for residency shall be made on a form prescribed by the Corporation. An applicant may seek to reside in a condominium as a Qualifying Resident or, if another person is applying for (or already has been approved for) residency as a Qualifying Resident, as a Co-Occupant. No person shall be approved for residency as a Co-Occupant unless another person with whom he or she seeks to reside in the Condominium has been approved for residency in the Condominium as a Qualifying Resident.

SECTION 2. PROHIBITIONS AGAINST UNLAWFUL DISCRIMINATION. No person shall be denied the right to reside in, use or occupy a condominium on account of sex, race, color, religion, ancestry, national origin or any other basis prohibited by the Unruh Civil Rights Act.

SECTION 3. DISCIPLINE OR SUSPENSION.

(a) Disciplinary Action by Board. The Mutual Fifty Board of Directors may take disciplinary or suspension action against any Mutual Member of the Corporation for breach of the Restrictions, these Bylaws or the Bylaws of GRF or of any Rules or Regulations of the Corporation or of GRF by any Mutual Fifty Member, any Co-Occupant of the Mutual Member's Condominium, any Lessee of the Member's Condominium or any Guest who may use the facilities of the Corporation or of GRF, as provided herein. Any disciplinary action authorized hereunder shall not act as a bar to the exercise of any other right or remedy available.

(b) Disciplinary or Suspension Action Authorized. Disciplinary or Suspension action authorized hereunder may consist of any or all of the following: (i) a fine for each breach, not to exceed the maximum established in the adopted Schedule of Monetary Penalties; (ii) suspension of the right to use any Corporation or GRF facilities for a period not to exceed thirty (30) days for each breach, and (iii) suspension of the right to vote, whether by voice, ballot or written consent, on any and all matters brought before the Mutual Members for a period not to exceed one (1) year. The Corporation may also make an application to a court of competent jurisdiction for legal and equitable relief.

(c) Right to Hearing. Before any disciplinary action is taken, the following procedure shall be implemented:

(i) A notice shall be sent by prepaid, first class or registered mail to the most recent address of the Mutual Member as shown on the Corporation's records, setting forth the nature of the discipline, the reasons therefore and the date, time, and place of the hearing. Such notice shall be sent at least fifteen (15) days before the effective date of the discipline.

(ii) The Mutual Member shall be given an opportunity to be heard and present witnesses and evidence in his behalf, either in person, by counsel, or by both, or in writing, at a hearing before the Board of Directors to be held not fewer than five (5) days before the effective date of the proposed suspension or other discipline.

(iii) Following the hearing, the Board shall decide in good faith and in a fair and reasonable manner whether the Mutual Member should be suspended or sanctioned in some other way. The decision of the Board shall be final.

(d) Additional Remedies. In addition to the remedies specified herein, the individual being disciplined shall be liable to the Corporation for costs of suit and a reasonable sum for attorney's fees incurred in enforcing the Restrictions, these Bylaws or Bylaws of GRF or any Rule or Regulation of the Corporation or GRF.

(e) Authority to Adopt Rules. The Board is hereby authorized to adopt Rules and Regulations to carry out the purposes of this Section 3.

(f) Exception for Certain Traffic Violations. Except when a hearing is required by the traffic enforcement program approved by the Board of Directors of this Corporation, a Mutual Member, Qualifying Resident, Co-Occupant, Lessee, or Guest who is cited for a traffic violation of any type may, in certain instances specified in the traffic rules enforcement program, as revised and approved by the Board of Directors from time to time, elect to waive his right to a hearing and commit to a traffic violation disciplinary action alternative as specified in the traffic rules enforcement program then in effect.

(g) Effect of Termination. If a Mutual Member is terminated as a result of action under this Section, the Corporation, at its election, thereupon shall either (i) repurchase his condominium at its

fair Market Value, or (ii) proceed, with reasonable diligence to effect a sale to a purchaser at a sales price acceptable to the Mutual Member.

(h) Any action challenging any disciplinary action against a Mutual Member or with respect to such Mutual Member's Membership, including any claim alleging defective notice thereof, must be commenced within one (1) year after the date such disciplinary action is taken.

SECTION 4 DISPUTE RESOLUTION It is the intent of this Corporation to resolve disagreements and misunderstandings with Mutual Members, Qualifying Resident, Co-occupants, Tenants, and their guests by conferences, hearings, and discussions in a non-adversarial, cooperative environment. If this is not possible, applicable disputes will be handled in conformance with Civil Code section 1354 (b) "Alternate Dispute Resolution". A summary of Civil Code section 1354 (b) is distributed to Mutual Members annually.

ARTICLE VI MEETINGS OF MUTUAL MEMBERS

SECTION 1. PLACE OF MEETING. Meetings of the Mutual Members shall be held at the principal office of the Corporation or in The Towers or at any other Orange County, California, location which may be designated by the Board of Directors.

SECTION 2. ANNUAL MEETINGS. The Annual Meetings of the Corporation shall be held on the first Thursday of December of each year unless the Board fixes another date and so notifies the Mutual Members as provided in Section 4 of this Article VI. At such meeting there shall be elected a Board of Directors in accordance with the requirements of Section 4 of Article VII of these Bylaws. The Mutual Members may also transact such other business of the Corporation as properly may come before them.

SECTION 3. SPECIAL MEETINGS OF MUTUAL MEMBERS

(a) Authorized Persons Who May Call. A Special Meeting of the Mutual Members may be called at any time by any of the following: the President, a majority of the Board of Directors, or five percent (5%) or more of the Mutual Members.

(b) Calling Meetings by Mutual Members. If a Special Meeting is called by Mutual Members, the request shall be submitted by such Mutual Members in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the President, Vice-President or the Secretary of the Corporation. The officer receiving the request shall cause notice to be given promptly to the Mutual Members entitled to vote, in accordance with the provisions of Section 4 of this Article VI, that a meeting be held and the date for such meeting, which date shall be not less than thirty-five (35) or more than ninety (90) days following the receipt of the request. If the notice 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 Mutual Members is called by action of the Board of Directors.

SECTION 4. NOTICE OF MUTUAL MEMBERS MEETINGS.

(a) General Notice Contents. All notices of meetings of Mutual Members shall be sent or otherwise given in accordance with subsection (c) of this section of Article VI not less than ten (10) or more than ninety (90) days before the date of the meeting, provided that the date of any meeting called by Mutual Members shall be governed by section 3 (b) of this Article. The notice shall specify the place, date and hour of the meeting.

(b) Notice of Annual Meeting of Mutual Members shall set forth only those matters specified in Section 2 of this Article.

(c) Notice of Special Meeting of Mutual Members shall set forth the general nature of the business to be transacted, and no other business may be transacted.

(d) Notice of Certain Agenda Items. If action is proposed to be taken at any meeting for approval of any of the following proposals, the notice also shall state the general nature of the proposal. Mutual Members' action on such items is invalid unless the notice or written waiver of notice states the general nature of the proposal(s):

- (i) Removing a Director without cause,
- (ii) Filling vacancies on the Board of Directors by Mutual Members,
- (iii) Amending the Articles of Incorporation,
- (iv) Approving a contract or transaction in which a Director has a material financial interest,
- (v) Approving a plan to wind up and dissolve.

(e) Manner of Giving Notice. Notice of any meeting of Mutual Members shall be given either personally or by first-class mail, telegraphic or other written means of communication, charges prepaid, addressed to each Mutual Member either at the address of that Mutual Member given to the Corporation for the purpose of notice, at the Member's last known address or at the principal office of the Corporation. Notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by telegram or other means of written communication.

(f) Affidavit of Sending Notice. An affidavit of the mailing or other means of giving notice of any Mutual Members' meeting may be executed by the Secretary, any Assistant Secretary, or any transfer agent of the Corporation giving the notice, and shall be filed and maintained in the minute book of the Corporation.,

SECTION 5. QUORUM

(a) Percentage Required. The presence, either in person or by proxy, of Mutual Members entitled to exercise forty-five percent (45%) of the voting power of the Corporation shall constitute a quorum for the transaction of business at a meeting of Mutual Members.

(b) Loss of Quorum. The Mutual Members present at a duly called or duly held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Mutual Members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the Mutual Members required to constitute a quorum.

(c) Manner of Giving Notice. Notice of any meeting of Mutual Members shall be given either personally or by first-class mail, telegraphic or other written communication, charges prepaid, addressed to each Mutual Member either at the address of that Mutual Member appearing on the books of the Corporation or the address given by the Mutual Member to the Corporation for the purpose of notice. Notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or other means of written communication.

SECTION 6. ADJOURNED MUTUAL MEMBER MEETING. Any meeting of Mutual Members, Annual or Special, whether or not a quorum is present, may be adjourned to a date not less than seven (7) or more than thirty (30) Days thereafter by a vote of a majority of the Mutual Members represented at the meeting, but in the absence of a quorum, no other business may be transacted at that meeting, except as provided in this Article. The Secretary shall give notice of any adjourned meeting if it was adjourned without adopting a date for a future meeting.

SECTION 7. VOTING

(a) Eligibility to Vote.

(j) No Membership shall be eligible to vote if shown on the books or management accounts of the Corporation, on the record date for voting, to be more than thirty (30) days delinquent in payment of any sums due to the Corporation.

(ii) Memberships in which two or more Members have a joint or undivided interest shall have only one (1) vote.

(iii) Votes shall not be split into fractions.

(b) Manner of casting votes. Voting may be by voice or ballot (provided that any election of Directors must be by secret ballot and may be held by mail in accordance with Section 8 of this Article).

(i) At every meeting of the Mutual Members, the Mutual Members present in person or by proxy shall have the right to cast one vote per Membership on each question. Any question brought before such meeting shall be decided by vote equal to a majority of the number of Memberships whose record owners are present in person or by proxy and entitled to vote, unless the question is one upon which by provision of statute, or the Articles of Incorporation or of these Bylaws, a different vote is required, in which case such provision shall govern and control.

(ii) At all elections of Directors of this Corporation the Mutual Members shall be entitled to one vote per Membership for each Director to be elected and no more than one vote may be cast for any one candidate. Those Director candidates who receive the highest number of votes, not to exceed the number of Directors to be elected, shall be elected. Candidates for less than a three year term, shall be voted upon separately. Cumulative voting shall not be permitted.

(c) Elections by solicitation of proxies are permitted under these Bylaws.

SECTION 8. ACTION BY MUTUAL MEMBERS WITHOUT A MEETING.

(a) General. Any action which may be taken at any meeting of Mutual Members may be taken without a meeting and without prior notice upon compliance with the provisions of this Section.

(b) Solicitation of Ballots. The Corporation shall distribute one written ballot to each Mutual Member entitled to vote; such ballots shall be mailed or delivered in the manner required by Section 4 of this Article for giving notice of meetings; provided that the Board may, at its discretion, cause ballots in connection with the election of Directors to be mailed, along with a copy of each candidates' statement of background and qualifications, to each of the Corporation's Mutual Members eligible to vote, not less than twenty-five (25) days or more than thirty (30) days prior to the annual meeting or special meeting, whichever is applicable. Ballots shall be returned to the Corporation on or before the expiration of twenty (20) days following mailing. Any ballot not received within said period shall not be counted. Except as otherwise provided in this paragraph (b), all solicitations of votes by ballot shall: (1) indicate the number of responses needed to meet the quorum requirement; (2) state the percentage of approvals necessary to pass the measure(s); and (3) specify a reasonable time by which the ballot must be received in order to be counted. Each ballot so distributed shall: (1) set forth the proposed action; and (2) provide the members an opportunity to specify approval or disapproval of each proposal. The Board shall establish such procedures as it may deem necessary to assure the integrity and secrecy of the election process.

(c) Quorum; Majority. Approval by ballot pursuant to this Section shall be valid only when the number of votes cast by ballot within the time 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 which 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. In any election of Directors, the provisions of paragraph (b) (ii) of Section 7 of this Article shall determine who is elected as a Director, and any ballot in which the Directors to be voted upon are named therein as candidates and which is marked by a Mutual Member withhold or otherwise marked in a manner indicating that the authority to vote for the election of Directors is withheld, shall be counted as a ballot cast and hence as a part of the number required to equal or exceed the quorum required for the election of Directors but not considered as a vote for or against the election of a Director.

(d) Revocation. No ballot may be revoked after delivery to the Corporation or deposit in the mails, whichever occurs first.

(e) Filing. All such ballots shall be filed with the Secretary of the Corporation and maintained in the Corporate records for a minimum period of three (3) years.

SECTION 9. RECORD DATE FOR MUTUAL MEMBER NOTICE, VOTING AND OTHER ACTIONS

Record dates for purposes of Mutual Memberships entitled to notice, to vote, to give consents, or take other action, as the case may be, shall be governed by Section 7611 of the Nonprofit Mutual Benefit Law.

SECTION 10. PROXIES.

(a) Right of Proxy. Each Mutual Membership entitled to vote shall have the right to do so either in person or by an agent authorized by a written proxy, signed by the Mutual Member and filed with the President of the Corporation prior to the appointed time of the meeting.

(b) Revocability. A validly executed proxy that does not state that it is irrevocable shall continue in full force and effect unless

(i) revoked by the person executing it, before the vote cast pursuant to that proxy, by a writing delivered to Mutual Fifty Corporation stating that the proxy is revoked or by a subsequent proxy executed by such person and presented to the meeting, or by personal attendance and voting at a meeting by such person, or

(ii) written notice of the death or incapacity of the maker of the proxy is received by Mutual Fifty Corporation before the vote pursuant to that proxy is counted; provided, however, that no proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of the Nonprofit Mutual Benefit Law.

(c) Form of Solicited Proxies. In an election of Directors, any form of proxy that is marked withhold, or otherwise marked in a manner indicating that the authority to vote is withheld, shall not be voted either for or against the matter being voted upon, but may be counted toward a quorum.

(d) Effect of Proxy Maker's Death. A proxy is not revoked by the death or incapacity of the maker unless, before the vote is counted, written notice of the death or incapacity is received by Fifty Corporation.

ARTICLE VII DIRECTORS

SECTION 1. POWERS

(a) General Corporate Powers. Subject to the provisions of law and any limitations in the Articles of Incorporation, the Restrictions and these Bylaws relating to action required to be approved by the Mutual Members, the business and affairs of Mutual Fifty Corporation shall be managed, and all corporate powers shall be exercised by, or under the direction of, the Board of Directors. The powers of the Board shall be, but not be limited to, the following:

(i) To establish monthly and other assessments as provided in the restrictions and in these Bylaws, and

(ii) To engage agents or employees for the management of the Corporation under such terms as the Board may determine, and

(iii) To promulgate rules and regulations pertaining to the rights and obligations of Mutual Members and use and occupancy of the Common Areas.

(iv) Disciplining Members as provided in these Bylaws and the rules and regulations of the Corporation.

(v) Taking all appropriate action that the Board of Directors deems necessary to carry out and exercise the purposes and powers of the Corporation as set forth in the Articles, these Bylaws, the Restrictions and applicable laws.

(b) Delegation. The Board may delegate the management of the activities of the Corporation to any person or persons, or management company, provided that the activities and affairs of the Corporation shall be managed and all Corporate powers shall be exercised under the ultimate direction of the Board.

SECTION 2. NUMBER AND QUALIFICATIONS OF DIRECTORS. The authorized number of Directors shall be five (5), all of whom shall be resident Mutual Members, in good standing, of Mutual Fifty Corporation.

(a) Concurrency Limitation. A Fifty Director shall not serve concurrently as a GRF Director or on the Fifty nominating committee.

(b) Conflict of Interest. A Mutual Member shall not serve on the Board of Directors if he is a Director, Stockholder, Officer, Employee or Partner of any other organization, whether private, public or governmental, where such dual status could create a conflict of interest.

(c) City Council Member. No council member of a city in which any of Fifty Corporation's facilities are located may concurrently serve on Fifty's Board of Directors.

(d) Ineligible if Delinquent. No Mutual Member shall be eligible to be elected to the Board of Directors if he is shown on the books of the Corporation or management accounts to be more than thirty (30) days delinquent in payment of any sums due the Corporation as of the record date for voting.

(e) Ineligible if Employee. No employee of the Corporation or of a managing agent may be a Director.

SECTION 3. ELECTION AND TERM OF OFFICE OF DIRECTOR. Directors of a sufficient number to fill vacancies existing at the time of election shall be elected to hold office for a term of three (3) years commencing at the close of the Annual Meeting of Mutual Members. If any Annual Meeting is not held or an insufficient number of Directors are elected to fill the Board of Directors, they may be elected at any Special Meeting held for that purpose. The terms for Directors shall be staggered so that

three Directors shall be elected at one year's Annual Meeting, two Directors shall be elected at the following year's Annual Meeting and it should not be necessary to elect any Directors at the next, succeeding, annual Meeting unless vacancies have occurred. Each Director shall hold office until expiration of the term for which elected and until a successor has been elected and qualified

During the early part of the Twenty-First Century, the foregoing will be modified to meet the transitional requirements of the change of Directors' terms of office from two (2) years to three (3) years, as follows:

(a) Years 2000 - 2002 Annual Meetings. The Annual Meeting for the calendar year two thousand (2000) shall be held near the end of the first quarter of the calendar year (as in the past). Four (4) Directors shall be elected, two (2) to serve terms ending with the December Annual Meeting of calendar year two thousand and two (2002), for total service of about two (2) years and nine (9) months each, and two (2) to serve terms ending with the December Annual Meeting of two thousand and one (2001), for total service of about one (1) year and nine (9) months each.

(b) Short -Term Exception. Due to normal expiration of one Director's term of office near the end of the first quarter of calendar year two thousand and one (2001), and to simplify the transition of Board member terms from two (2) to Three (3) years, the incumbent in this position has been asked to accept an extended term to the Annual Meeting in two thousand and one (2001), if approved by the membership, as proposed on the ballot for approval at the Annual Meeting in March, 2000.

(c) Termination. After the December two thousand and one (2001) Annual Meeting, only the first paragraph of this Section 3 will apply and the balance will be null and void.

SECTION 4. VACANCIES

(a) Events Causing Vacancy. A vacancy in the Board of Directors shall be deemed to exist on the occurrence of any of the following:

- (i) the death, resignation, automatic vacancy, or removal of any Director;
- (ii) the declaration by resolution of the Board of Directors of a vacancy in the office of a Director who has been declared of unsound mind by an order of a court, or convicted of a felony, or has been found by final order of judgment of any court to have breached a duty under Article 3 of Chapter 2 of the Nonprofit Mutual Benefit Law;
- (iii) the vote of a majority of the Memberships voting to remove a Director;
- (iv) an increase in the authorized number of Directors;
- (v) a failure of the Mutual Members to elect the number of Directors necessary to fill the Board vacancies;
- (vi) a declaration of the Board of Directors that a Director is not qualified, in conformance with the Nonprofit Mutual Benefit Law, Section 7221 (b).
- (vii) a declaration by resolution of the Board of Directors that a Director is not a resident Mutual Member.
- (viii) a declaration by resolution of the Board of Directors that a Director is more than thirty (30) days delinquent on assessments or fees due the Corporation.

(b) Resignations. A Director may resign, which resignation shall be effective upon receipt of written notice to the President, the Secretary or the Board, unless the notice specifies a later time for the resignation to become effective. If the resignation of a Director is effective at a future time, the Board of Directors may elect a successor to take office when the resignation becomes effective.

(c) Removal of Directors by Mutual Members. At any Regular or Special meeting of the Mutual Members of the Corporation, duly called and at which a quorum is present or represented, any Director may be removed, with or without cause, by the affirmative vote of a majority of the Mutual Members present or represented and voting. Any Director whose removal has been proposed shall be

given an opportunity to be heard at the meeting. A successor Director may be elected at the meeting to fill any resulting vacancy.

(d) Replacement of Removed Directors. Election to fill a vacancy created by removal of a Director may be held at the meeting at which the vacancy was created. A removed Director may not be a candidate to fill a vacancy at the meeting where removed.

(e) Automatic vacancy. Any Director who misses four (4) regular monthly meetings of the Board of Directors within any twelve (12) month period shall automatically be removed from the Board of Directors, with such removal to be effective upon mailing of such notice to such Director from the President.

(f) Vacancies Filled by Board. Vacancies on the Board of Directors, except for a vacancy created by removal of a Director, may be filled by a Majority of the Directors then in office, although less than a quorum, or by a sole remaining Director, and each Director so elected shall hold office for the balance of the unexpired term.

(g) Vacancies Filled by Mutual Members. The Mutual Members may elect a Director or Directors at any time to fill any vacancy or vacancies not filled by the Directors as provided in subparagraph (f) of this Section 4.

(h) Term of Successor Directors. The term of any Director elected by the Mutual Members or appointed by the Board of Directors to fill a vacancy, as provided herein, shall be the unexpired term of his predecessor and until a successor has been elected and qualified.

(i) No Vacancy on Reduction of Number of Directors. No reduction of the authorized number of Directors shall have the effect of removing any Director before that Director's term of office expires.

SECTION 5. COMPENSATION. No compensation shall be paid to Directors for their services as Directors or as members of committees but any director or member of a committee may receive such reimbursement for expenses determined by the Board to be just and reasonable. No remuneration shall be paid to a Director or member of a committee for services performed by him for the Corporation in any other capacity unless a resolution authorizing such remuneration shall have been unanimously adopted by the Board of Directors before the services are undertaken.

SECTION 6. REGULAR MEETINGS: PLACE OF MEETINGS: MEETINGS BY TELEPHONE. Regular Meetings of the Board may be held at any time and place within Orange County, California, that has been designated from time to time by resolution of the Board, provided that at least four such Regular Meetings shall be held not less frequently than quarterly during each fiscal year. In the absence of such designation, Regular Meetings shall be held at the principal office of the Corporation. Notice of Regular Meetings shall be given in accordance with Section 8 (b) of this Article. Any meeting, Regular or Special, may be held by conference telephone or similar communications equipment, so long as all Directors participating can hear one another. All such Directors shall be deemed to be present in person at such meeting, provided that the minutes are made available to all Mutual Members at the principal office of the Corporation.

SECTION 7. ORGANIZATIONAL MEETINGS. Within ten (10) days following each Annual Meeting of Mutual Members, the Board shall hold an Organizational Meeting for the purpose of organization, election of officers and the transaction of other business. Notice of Organizational Meetings shall be given in accordance with Section 8 (b) of this Article.

SECTION 8. SPECIAL MEETINGS.

(a) Authority to call. Special Meetings of the Board for any purpose may be called at any time by the President, the Secretary or three Directors. Special Meetings may be held at any place within Orange County that has been designated by the notice of the meeting, or if not stated in the notice, at the principal office of the Corporation.

(b) Notice of Special Board Meeting.

(j) Manner of Giving Notice of the time and place of any Special Board Meeting shall be given to each Director by one of the following methods: (a) by personal delivery; telephone; telegram, charges prepaid; facsimile; electronic mail or other electronic means; or (b) by first-class mail, postage prepaid, either directly to the Director or to a person who would reasonably be expected to communicate such notice promptly to the Director. All such notices shall be given or sent to the Director's address or telephone number on the records of the Corporation.

(ii) Time Requirements. Notices given by personal delivery, telephone, telegram or any electronic means, shall be given at least two days prior to the meeting, but notices given by first-class mail shall be given at least four days prior to the meeting.

(iii) Notice Contents. The notice shall state the time and place for the meeting and the general nature of the business to be transacted.

SECTION 9. QUORUM AND ACTION BY DIRECTORS. A majority of the authorized number of Directors shall constitute a quorum for the transaction of business except to adjourn as provided in Section 11 of this Article VII. Every act or decision made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board, subject to the provisions of the Nonprofit Mutual Benefit Law. A meeting at which a quorum initially is present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

SECTION 10. WAIVER OF NOTICE. The transactions of any meeting of the Board of Directors, however called and noticed, or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to hold the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents and approvals shall be filed with the Corporate records or made a part of the minutes of the meeting. Notice of a meeting also shall be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

SECTION 11. ADJOURNMENT. A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

SECTION 12. NOTICE OF ADJOURNMENT. Notice of the time and place of holding an adjourned meeting need not be given unless the meeting is adjourned for more than twenty-four (24) hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

SECTION 13. ACTION WITHOUT MEETING. Any action required or permitted to be taken by the Board maybe taken without a meeting if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board. Such written consent or consensus shall be filed with the minutes of proceedings of the Board.

ARTICLE VIII COMMITTEES.

SECTION 1. COMMITTEES. The Board may designate one or more Standing, Ad Hoc or other committees, each to serve at the pleasure of the Board and each consisting of a sufficient number of Qualifying Fifty resident Mutual Members to meet the needs of its particular function or functions. The duties and powers of these committees shall be determined by the Board, provided that the authority of each committee is limited to advising the Board and all final actions are subject to the specific approval of the Board.

SECTION 2. APPOINTMENT TO COMMITTEES. All committees, committee chairs and committee members shall be appointed by the President subject to the final approval of the Board. The appointment of Fifty Directors and Mutual Members to GRF Corporation committees shall be made by the Mutual Fifty President in consultation with the President of GRF.

ARTICLE IX NOMINATION FOR AND ELECTION OF DIRECTORS

SECTION 1. NOMINATING COMMITTEE. The Nominating Committee shall consist of three (3) to five (5) Mutual Members of the Corporation to hold office to the end of the calendar year in which appointed and until a successor has been elected and qualified. The exact number of Mutual Members on the Committee shall be fixed by the Board from time to time.

SECTION 2. APPOINTMENT OF NOMINATING COMMITTEE MEMBERS.

- (a) Eligibility. Any resident Mutual Member who is in good standing and who is not a Director of Mutual Fifty or GRF, may offer to serve or be proposed to serve on the Nominating Committee by any Mutual Fifty Director or other resident Mutual Member.
- (b) Appointment of Members. Members of the Nominating Committee shall be appointed by the President, subject to approval of the Board, by the second regular Board meeting in the calendar year after the Annual Meeting. They will serve until the next Annual Meeting or until their successors are appointed.
- (c) Vacancies. Vacancies shall be filled in a like manner at any meeting of the Board.

SECTION 3. NOMINATION PROCEDURE. The Nominating Committee, from time to time, shall prepare, revise and maintain, at the principal office of the Corporation, a confidential list of Mutual Members who, in its opinion, are qualified to serve as Directors of the Corporation. At least forty-five (45) days before each Annual Meeting of Mutual Members, the Nominating Committee shall nominate candidates for election as Directors sufficient to at least fill all anticipated vacancies (and no more than twice that number) by submitting the names of candidates to the President. Each candidate shall submit to the President a statement of background and qualifications not to exceed two hundred and fifty (250) words in length not less than thirty (30) days prior to the Annual Meeting. The President shall cause to be forwarded all such statements to each Mutual Member with the ballot required by Section 7 of Article VI or with the notice of Annual Meeting required by Section 4 of Article VI. For purposes of filling vacancies on the Board by Mutual Members, the Nominating Committee shall nominate such candidates at least ten (10) days before the mailing of the notice of the meeting. It must be recognized by all candidates that their statements of background and qualifications may be published and distributed.

SECTION 4. NOMINATION BY MUTUAL MEMBERS. Mutual Members representing the voting power of at least ten (10) Memberships of the Corporation may nominate qualified Mutual Members for Director by delivering a petition to the President, signed by such Members within eleven (11) months preceding the next time Directors will be elected. Each candidate shall submit to the President his statement of background and qualifications as provided in Section 3 above.

SECTION 5. ELECTION PROCEDURE

(a) Solicitation of Votes. If more people are nominated for the Board than can be elected, the election shall take place by means of a procedure that allows all nominees a reasonable opportunity to solicit votes and all Mutual Members a reasonable opportunity to choose among nominees.

(b) Publications. If the Corporation now or hereafter publishes, owns, or controls a magazine, newsletter, or other publication, and publishes material in the publication soliciting votes for any nominee for Director, it shall make available to all other nominees in the same issue of the publication, and with an equal amount of space, with equal prominence, to be used by the nominee for a purpose reasonably related to the election.

(c) Mailing Election Material shall conform to Nonprofit Mutual Benefit Law section 7523, et seq.

(d) Refusal to Publish or Mail Material. The Corporation may not decline to publish or mail material that it otherwise is required hereby to publish or mail in behalf of any nominee, on the basis of content of the material, except that the Corporation or any of its agents, officers, Directors, or employees may seek and comply with an order of the Superior Court allowing them to delete material that the Court finds will expose the moving party to liability.

(e) No Use of Corporate Funds to Support Nominee. No Corporate funds may be expended, either directly or indirectly, to support a nominee for Director.

(f) Inspectors of Election shall be appointed in conformance with Nonprofit Mutual Benefit Corporation Law Section 7614.

ARTICLE X OFFICERS

SECTION 1. DESIGNATION. The principal officers of the Corporation shall be a President, a Vice President, a Secretary and a chief financial officer who shall be the Treasurer, all of whom shall be elected by the Board of Directors. The Directors may appoint an Assistant Treasurer an Assistant Secretary and such other officers as in their judgment may be necessary. Officers shall perform the duties provided in these Bylaws and such other duties as may be authorized by the Board.

SECTION 2. ELECTION OF OFFICERS. The officers of the Corporation shall be elected annually by the Board at its Organizational Meeting and shall hold office at the pleasure of the Board for a one (1) year term and until their successors are elected, subject to the rights, if any, of an officer under any contract of employment. An officer elected to fill a vacancy shall serve for the balance of the term of his predecessor.

SECTION 3. REMOVAL OF OFFICERS. With an affirmative vote of a majority of members of the Board of Directors, any officer may be removed, either with or without cause, and his successor may be elected at any meeting of the Board.

SECTION 4. RESIGNATION OF OFFICERS. Any officer may resign his office at any time by giving written notice to the Corporation. Any resignation shall take effect on the date of receipt of the notice or any later date specified in the notice. Acceptance of the notice of resignation is not necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

SECTION 5. VACANCIES IN OFFICE. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause, shall be filled only in the manner prescribed in these Bylaws.

SECTION 6. PRESIDENT. The President shall be the chief executive officer of the Corporation and subject to control of the Board. He shall generally supervise, direct and oversee the business and officers of the Corporation. He shall have all of the general powers and duties which usually are vested in the office of president of a corporation, including but not limited to the power to appoint committees from among the Mutual Members from time to time as he may, in his discretion, decide is appropriate to assist in the conduct of affairs of the Corporation. Committees so appointed may not exercise the authority of the Board.

SECTION 7. VICE PRESIDENT. The Vice President shall take the place of the President and perform his duties whenever the President is absent or unable to act. If both the President and Vice President are unable to act, the Board shall appoint another of its members to act in their stead on an interim basis. The Vice President shall also perform such other duties as shall be imposed upon him by the Board.

SECTION 8. SECRETARY. The Secretary shall keep or cause to be kept, at the principal office, the minutes and actions of all the meetings of the Board of Directors and the minutes and actions of all the meetings of the Mutual Members of the Mutual Fifty Corporation; shall have custody of the Corporate Seal of the Corporation; shall have charge of the Membership books of the Corporation and of such other books and papers as the Board may direct; and shall, in general, perform all of the duties incident to the office of Secretary. The Secretary shall not be responsible, except for checking and oversight, for the foregoing duties now or hereafter delegated to a Managing agent by the Board.

SECTION 9. TREASURER. The Treasurer (chief financial officer of the Corporation) shall keep and maintain adequate and correct books of account showing the receipts and disbursements of the Corporation, and an account of its cash and other assets, if any. The Treasurer shall deposit all moneys of the Corporation with such depositories as are designated by the Board, and shall disburse the funds of the Corporation as may be ordered by the Board, and shall render to the President or the Board, upon request, statements of the financial condition of the Corporation. The Treasurer shall not be responsible, except for checking and oversight, for the foregoing duties now or hereafter delegated to a Managing agent by the Board.

SECTION 10. FIDELITY BONDS. The Board shall require that all Corporation officers and employees handling or responsible for Corporate or Trust funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the corporation.

ARTICLE XI EXERCISE OF POWERS

SECTION 1. DUTIES AND LIABILITIES

(a) Business Judgment Rule. Each Director and each officer shall perform their duties, including duties as a member of any committee of the Board, in good faith, in a manner such person believes to be in the best interests of the Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

(b) Authorization of Agent. The Board 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 Corporation and such authority may be general or confined to specific instances; and, unless so authorized by the Board, no officer, agent or other person shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any

amount. However, subject to the provisions of Section 7141 and Section 7142 of the Nonprofit Mutual Benefit Law, any note, mortgage, evidence of indebtedness, contract, conveyance or other instrument in writing, and any assignment or endorsement thereof, executed or entered into between the Corporation and any other, person, when signed by the President or any Vice President and the Secretary, any Assistant Secretary, the Treasurer (Chief Financial Officer) or any Assistant Treasurer of such Corporation, is not invalidated as to the Corporation by any lack of authority of the signing officers in the absence of actual knowledge on the part of the other person that the signing officers had no authority to execute the same.

SECTION 2. TRANSACTIONS INVOLVING DIRECTOR. Subject to section 7233 of the Nonprofit Mutual Benefit Law, all contracts or other transactions between the Corporation and one or more of its Directors, or between the Mutual Fifty Corporation and any other corporation, firm or association in which one or more of its Directors or their spouses (Added) has a material financial interest or serves as a director, shall be authorized, approved or ratified by the Board of Directors. The interested or common Director or Directors:

- (a) Not Present shall not be present during the discussion of or the vote on such contract or transaction; and,
- (b) Full Disclosure shall have made full disclosure of the material facts relating to the transaction and the Director's (or such Director's spouse's) interest; and
- (c) Not Counted shall be counted in determining the presence of a quorum with respect to the approval or ratification of such contract or transaction.

SECTION 3. CORPORATE LOANS, GUARANTEES AND ADVANCES.

- (a) Limitation on Loans. Except as provided in paragraph (b), the Corporation shall not make any loan of money or property to or guarantee the obligation of:
 - (i) any Director or officer of the Corporation; or
 - (ii) any person upon the security of memberships of the Corporation.
- (b) Advances. The Corporation may advance money to a Director or officer of the Corporation for expenses reasonably anticipated to be incurred in the performance of the duties of such Director or officer, provided that in the absence of such advance such Director or officer would be entitled to such reimbursement by the Corporation.

ARTICLE XII INDEMNIFICATIONS.

SECTION 1. INDEMNIFICATIONS. This Corporation shall have the power to indemnify any person to the fullest extent allowed by section 7237 of the Nonprofit Mutual Benefit Law. For purposes of this Article, the definitions set forth in said section 7237 shall apply.

SECTION 2. ADVANCE OF EXPENSES. Expenses incurred in defending any legal action or proceeding may be advanced by Mutual Fifty Corporation before the final disposition of the action or proceeding on receipt of a bond or other undertaking by or on behalf of the agent proceeded against to repay the amount of the advance unless it is determined ultimately that the agent is entitled to be indemnified as authorized in this Article.

SECTION 3. CONTRACTUAL RIGHTS OF NON-DIRECTORS AND NON-OFFICERS. Nothing contained in this Article shall affect any right to indemnification to which agents other than Directors and officers maybe entitled by contract or otherwise.

SECTION 4. INSURANCE. The Board may adopt a resolution authorizing the purchase and retention of insurance on behalf of any agent of Fifty Corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not this Corporation would have the power to indemnify the agent under the provisions of this Article XII.

ARTICLE XIII FISCAL MANAGEMENT

SECTION 1. FISCAL YEAR. The fiscal year of Mutual Fifty Corporation shall begin on the first day of January every year. The commencement of the fiscal year herein established shall be subject to change by the Board should Corporate practice dictate.

SECTION 2. BOOKS AND ACCOUNTS. Books and accounts of Mutual Fifty Corporation shall be kept under the direction of the Treasurer or the managing agent. The amount of any assessment required for payment on any capital expenditures shall be credited on the books of Fifty Corporation to the Paid-in-Surplus Account as a capital contribution by the Mutual Members.

SECTION 3. AUDITING. After the close of each fiscal year the books and records of the Corporation shall be by a certified public accountant who shall prepare a certified report.

SECTION 4. ANNUAL FINANCIAL REPORT TO MUTUAL MEMBERS. Fifty Corporation shall cause an audited annual financial report to be prepared and contain the information required by section 8321 of the Nonprofit Mutual Benefit Law. Within one hundred and twenty (120) days after the close of the Corporation's fiscal year, it shall provide all Mutual Members with a summary copy of the financial report, with notification of their right to have a copy of the full financial report upon request.

SECTION 5. MUTUAL MEMBERS' INSPECTION RIGHTS. Mutual Members shall have inspection rights specified in the Nonprofit Mutual Benefit Law Sections 8330 through 8333. Fifty shall keep at its principal office a current copy of the Nonprofit Mutual Benefit Law, which shall be available to Mutual Members at all reasonable times during office hours.

SECTION 6. MAINTENANCE AND INSPECTION OF ARTICLES AND BYLAWS. Fifty Corporation shall keep at its principal office the original or a copy of the Articles, Bylaws and Restrictions, as amended to date. They shall be open to inspection by the Mutual Members at all reasonable times during office hours.

SECTION 7. INSPECTION BY DIRECTORS. Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of every kind and the physical properties of the Corporation. This inspection by a Director may be made in person, or by an agent or attorney, and the right of inspection includes the right to copy and make extracts of documents.

SECTION 8. ANNUAL STATEMENT OF CERTAIN TRANSACTIONS AND INDEMNIFICATIONS. No later than the time the Corporation makes available its annual financial report to the Mutual Members and in any event no later than one hundred and twenty (120) days after the close of the Corporation's fiscal year, the Corporation shall prepare and mail or deliver to each Mutual Member and Director a *statement* of the amount and circumstances of any transaction or indemnification required by section 8322 of the Nonprofit Mutual Benefit Law.

SECTION 9. CONSTRUCTION. Unless the context requires otherwise, the general provisions, rules and definitions in the Nonprofit Mutual Benefit Law shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, the

singular number includes the plural, the plural number includes the singular, and the term "person" includes both a corporation and a natural person. References to various laws include amendments thereto and successor laws.

SECTION 10. RULES OF ORDER. The rules contained in Robert's Rules of Order, current edition, shall govern all Mutual Members' meetings and Board of Directors' meetings of Mutual Fifty Corporation. In the event of any conflict, the order of precedence is:

- (a) Applicable Federal or State laws
- (b) Articles of Incorporation
- (c) Restrictions
- (d) Bylaws
- (e) Robert's Rules of Order

ARTICLE XIV AMENDMENTS

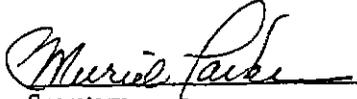
SECTION 1. AMENDMENT BY MUTUAL MEMBERS. New, amended or repealed Bylaws or Articles of Incorporation may be amended or repealed by the affirmative vote of a majority of Fifty Mutual Members present and voting at any regular or special meeting provided that a quorum, as prescribed in Section 5 of Article VI herein, is present and voting at such meeting. Further, where any provision of the Bylaws requires the vote of a larger proportion of the members than otherwise required by law, such repealed provision shall not be altered, amended or repealed except by such larger number of Mutual Members. No amendment shall require a larger proportion of the members than required by law to initiate actions concerning removal of Directors without cause, cumulative voting or the dissolution of the Corporation. No amendment may extend the term of a Director beyond that for which such Director was elected.

SECTION 2. AMENDMENT BY DIRECTORS. Subject to the rights of Mutual Members under Section 1 of this Article XIV, the Board may adopt, amend or repeal Bylaws only where the amendments are required to comply with changes in the Nonprofit Mutual Benefit Law or any other law applicable to the Corporation, unless applicable law specifies that such amendment must be adopted or approved by the members.

SECTION 3. AMENDMENT PROPOSALS. Amendments may be proposed by the Board or by petition delivered to the Secretary and signed by members entitled to exercise at least twenty percent (20%) of the voting power of the Corporation. A description of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment is to be voted upon.

SECTION 4. DEDICATION OF ASSETS. The properties and assets of the Mutual Fifty Corporation are irrevocably dedicated to fulfillment of the objectives and purposes of this Corporation as set forth in Article II. The Corporation does not contemplate the distribution of assets, gains, profits or dividends to any of its Mutual Members, except in accordance with Chapter 4 of the Nonprofit Mutual Benefit Law. Upon the dissolution of this Corporation, after paying or adequately providing for the debts and obligations of this Corporation, the Directors or other persons in charge of the liquidation shall distribute any remaining assets to the then members of this Corporation or other persons entitled thereto in accordance with Chapters 15, 16 and 17 of the Nonprofit Mutual Benefit Law.

I, the undersigned, certify that I am the presently elected and acting Secretary of Laguna Woods Mutual No. Fifty, a California nonprofit mutual benefit Corporation, and the above Bylaws, consisting of 20 (twenty) pages are the Bylaws of this Corporation adopted by the Mutual Members on March 3, 2000, in Laguna Woods, County of Orange, California.


Secretary

