

BY-LAWS OF
WESTLAKE LAKE
MANAGEMENT ASSOCIATION

ARTICLE I

DEFINITIONS

SECTION 1.1 WESTLAKE LAKE RESTRICTIONS

The term "WESTLAKE LAKE RESTRICTIONS" shall mean the covenants, conditions and restrictions set forth in that certain declaration entitled "DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE WESTLAKE LAKE RECREATIONAL AREA" dated April 25, 1968 recorded in Book M2842 of Official Records at Page 197 and following in the office of the County Recorder of Los Angeles County, California, [and also recorded on April 25, 1968 in Book 3295 of Official Records at Page 220] and following in the office of the County Recorder of Ventura County, California, as said DECLARATION may be amended from time to time, or supplemented or modified in connection with the annexation of property to the WESTLAKE LAKE RECREATIONAL AREA.

SECTION 1.2 OTHER TERMS

The other terms used herein shall have the definitions and meanings given them in Article I of the WESTLAKE LAKE RESTRICTIONS.

ARTICLE II

MEMBERS

SECTION 2.1 QUALIFICATION

A. Each OWNER, by virtue of being an OWNER and until no longer an OWNER, shall be a member of the ASSOCIATION. No person other than an OWNER may be a member of the ASSOCIATION.

B. As used herein the term "OWNER" has the meaning set forth in Article I of the WESTLAKE LAKE RESTRICTIONS and includes GRANTOR and MASTER DEVELOPER for so long as any of them own one or more lots or parcels, and the purchaser of a lot or parcel under an executory contract for the sale of real property only if it is a real property sales contract as defined in Section 2985 of the Civil Code of the State of California, as said Section may be amended.

C. No person shall exercise the rights of membership until satisfactory proof has been furnished to the Board of Representatives that he is an OWNER. Such proof may consist of a copy of a duly executed and acknowledged grant deed, or a title insurance policy showing said person to be the owner of a lot or parcel within the WESTLAKE LAKE RECREATIONAL AREA, or such documentary or other proof as the BOARD in its discretion shall deem to be satisfactory. The decision of the BOARD as to eligibility for membership shall be final and conclusive for all purposes.

D. The BOARD may provide for the issuance of certificates, in a form which it shall determine, evidencing membership in the ASSOCIATION. Such certificates shall be consecutively numbered and contain the name and address of the member. The date of issuance of the certificate shall be entered in the records of the ASSOCIATION by the Secretary. If any certificate is lost, mutilated or destroyed, a new certificate may be issued upon such terms and conditions as the BOARD may direct.

SECTION 2.2 VOTING

A. At any meeting of the members or election, each member shall be entitled to cast the number of votes to which he is entitled under the WESTLAKE LAKE RESTRICTIONS.

B. Any member may attend and vote at meetings or at elections in person or by a proxy holder duly appointed by a written proxy signed by the member and filed with the Secretary. Any proxy shall be for a term not to exceed eleven months unless otherwise expressly provided therein and may be revoked at any time by written notice to the Secretary. A proxy shall be deemed revoked when the Secretary receives actual notice of the death or judicially declared incompetence of such member, or upon termination of such member's status as an OWNER. Where two or more persons have ownership interests in a lot, any proxy with respect to the vote of such members shall be signed by all such persons.

SECTION 2.3 MEETINGS; QUORUM

A. There shall be no annual meetings of the members.

B. Special meetings of the members may be called at any time to consider matters which, by the terms of the ARTICLES OF INCORPORATION, these BY-LAWS, or the WESTLAKE LAKE RESTRICTIONS, require the approval of all or some of the members, or for any other reasonable purpose. Said

meetings shall be held at a reasonable place within the counties of Los Angeles or Ventura and shall be called by written notice, signed either by a majority of the BOARD, or by members having one-third of the total votes in the ASSOCIATION, and delivered not less than ten days nor more than sixty days prior to the date fixed for said meeting. Said notice shall specify the date, time, and place of the meeting and the matters which will be considered.

C. The presence at any meeting of members having a majority of the total votes in the ASSOCIATION shall constitute a quorum.

D. If any meeting cannot be held because a quorum is not present, the members present may adjourn the meeting to a time not less than forty-eight hours nor more than thirty days from the time the original meeting was called. At the subsequent meeting the presence of members having a one-third of the total votes in the ASSOCIATION shall constitute a quorum.

E. Unless otherwise expressly provided herein, any action may be taken at any meeting of the members or election conducted pursuant to Section 2.4 upon the affirmative vote of a majority of the total votes cast or present.

SECTION 2.4 VOTING BY BALLOT

A. Any matter or issue requiring the vote of the members of the ASSOCIATION, including the election of District Representatives, may be submitted for vote by written ballot without a meeting. The determination to submit an issue for determination by written ballot without a meeting shall be made by the Board of Representatives by resolution which shall specify the date for voting (which in no event shall be sooner than forty-five days nor more than sixty days after the date of such resolution), the form of the question to be submitted to the members, and the form of the ballot. Within fifteen days after adoption of the resolution, a full and complete copy thereof shall be sent to every member of the ASSOCIATION at the address of such member on the ASSOCIATION books or at the address of any lot or parcel owned by such member in the WESTLAKE LAKE RECREATIONAL AREA.

B. Balloting at such election may be conducted by mail or by the deposit of ballots at fixed polling places. In the latter case the Board of Representatives shall designate one or more such polling places within the boundaries of the WESTLAKE LAKE RECREATIONAL AREA where members may cast their votes. The BOARD shall notify the

members of the locations of such polling places at least fifteen days prior to the election.

C. Conduct of the election shall be in accordance with procedures established by the BOARD. The BOARD is authorized to retain such services as it deems necessary to assist in establishing election procedures and supervising and controlling elections and to make reasonable expenditures in connection therewith. Such expenditures may include, without limiting the generality of the foregoing, the rental of computing and tabulation machines, the payment of fees for poll watchers, the renting of voting machines and similar expenses.

D. At any such election, voting by proxy will be allowed; provided, however, that each proxy shall be filed with the Secretary of the ASSOCIATION at least ten days prior to the date of the election. The BOARD may make such provisions as it may consider necessary or desirable for absentee ballots.

E. A quorum shall be deemed to have been present for purposes of an election held pursuant to this Section if the majority of the total number of eligible votes is cast in any such election. The reduced quorum provisions of Section 2.3D shall not apply to elections held under this Section.

F. After tabulation of the ballots, the BOARD shall notify the members of the outcome of the election. If insufficient votes to constitute a quorum were cast, the BOARD shall so certify, and the election shall be of no effect.

ARTICLE III

BOARD OF REPRESENTATIVES

SECTION 3.1 CORPORATE POWERS

A. The corporate powers of the ASSOCIATION shall be vested in, exercised by, and under the authority of, and the affairs of the ASSOCIATION shall be controlled by, a Board of Representatives consisting of not less than five nor more than 33 persons.

B. The BOARD shall have the exclusive right and responsibility to perform the duties and obligations and to exercise the powers and authority of the ASSOCIATION as set forth in the WESTLAKE LAKE RESTRICTIONS.

C. The BOARD shall exercise the powers and

authority of the ASSOCIATION only as set forth in the WESTLAKE LAKE RESTRICTIONS, the ARTICLES and these BY-LAWS as any of them may be amended.

SECTION 3.2 QUALIFICATIONS AND ELECTIONS

A. No person shall serve as a member of the BOARD who is not a member of the ASSOCIATION. In the event that a corporation or other impersonal entity is a member of the ASSOCIATION, it may designate one or more persons to stand for election to the BOARD on its behalf.

B. Representatives from each DISTRICT shall be OWNERS within the DISTRICT and shall be elected to serve on the BOARD each year. The number of Representatives from each DISTRICT shall be the number specified in the WESTLAKE LAKE RESTRICTIONS and any declarations annexing additional land to the WESTLAKE LAKE RECREATIONAL AREA. The first election of Representatives shall be held within sixty days of the date when WESTLAKE LAKE is transferred to the ASSOCIATION pursuant to the WESTLAKE LAKE RESTRICTIONS and annual elections shall be held thereafter on the first Tuesday of October. If voting is conducted by mail, the ballots shall be opened and counted on the first Tuesday of October and the Representatives-elect shall be deemed to have been elected on that day, to serve for a term of one year, commencing on January first of the ensuing year.

C. Any person who is a member of the ASSOCIATION as defined in Article II may nominate for election to the BOARD either himself or another member by giving written notice to the Corporation any time prior to sixty (60) days before the date of the election. Such notice shall give the name, address and telephone number of the nominee, the district in which he is the owner, and date of the election. The Secretary shall place any person so nominated, unless he is not a member, on the ballot for the district the nominee, if elected, will represent. If, after the close of nominations, the number of people nominated for the BOARD from any given district is not more than the number of directors to be elected from that district, the Corporation may, without further action, declare that those nominated and qualified are elected for that district. If the number of nominees exceeds the number of vacancies to be filled from that district, the Corporation may, without further action, declare that those nominated and qualified are elected for that district. If the number of nominees exceeds the number of vacancies to be filled from that district, a written ballot will be conducted on the election day as provided by these By-Laws.

D. 1) For the purpose of electing

Representatives only, and provided the election is not conducted by mail, each OWNER may cumulate his votes and give one candidate or divide among the candidates for election to the BOARD a number of votes equal to the number of Representatives to be elected from the OWNERS'S DISTRICT. At the election, the candidates receiving the highest number of votes, up to the number of Representatives to be elected shall be deemed elected.

2) Directors may be elected by mail (written) ballot at the direction of the BOARD. However, California law prohibits cumulative voting when the election is conducted by a mail (written ballot (Section 7513 (e) California Corporations Code). OWNER may cast no more than one vote for a candidate and the total number of votes permitted to be cast by an owner shall not exceed the number of Representatives to be elected from the OWNER'S district.

E. Representatives shall serve for a term of one year commencing on January first of the year following their election and continuing until their death, resignation or removal, whichever is the earlier; provided, however, that those Representatives elected in October 1990 shall serve an extended term, expiring on December 31, 1991. Any Representative may resign at any time by giving written notice to the President or Secretary, and any person may be removed as a Representative at a District Election held for that purpose; provided, however, that an individual Representative shall not be removed if the number of votes cast against his removal exceeds thirty percent of the total votes cast.

F. Vacancies on the BOARD shall be filled by a majority of the remaining Representatives though less than a quorum, and each Representative so elected shall hold office until his successor is elected by the members and shall be an OWNER in the DISTRICT which he is to represent.

SECTION 3.3 MEETINGS OF THE BOARD

A. The organization meetings of the BOARD shall be held on the second Tuesday of October, or, in the case of the first election, one week after such election.

B. At each annual organization meeting, the BOARD shall adopt a schedule of other regular meetings of the BOARD to be held during the forthcoming year. No notice shall be required for regular meetings of the BOARD scheduled as aforesaid.

C. Special meetings of the BOARD may be called at any time by the President or by any five Representatives.

Written notice of the time and place of special meetings shall be given at least twenty-four hours prior to the holding of the meeting.

D. A majority of the Representatives shall constitute a quorum of the BOARD, and if a quorum is present, the decision of a majority of those present shall be the act of the BOARD. The BOARD may also act without a meeting if all of the BOARD members consent in writing to such action. Such written consent shall be filed with the minutes of the proceedings of the BOARD.

SECTION 3.4 BOOKS AND RECORDS

The BOARD shall cause to be maintained, in a manner consistent with generally accepted accounting principles, a full set of books and records showing the financial condition of the ASSOCIATION. After the first election of Representatives, at least once a year an independent certified audit of such books and records shall be conducted. A copy of each such audit shall be made available, within thirty days following completion of the audit, for inspection by the ASSOCIATION members.

ARTICLE IV

OFFICERS

SECTION 4.1 OFFICERS

The officers of the ASSOCIATION shall be a President, a Vice-President, a Secretary and a Treasurer. The ASSOCIATION may also have, at the discretion of the BOARD, one or more Assistant Secretaries or Assistant Treasurers and such other officers as may be appointed in accordance with the provisions of Section 4.3. The President and Vice-President must be members of the ASSOCIATION; but other officers need not be. One person may hold two or more offices, except that the offices of President and Secretary shall not be held by the same person. In the event that a corporation or other impersonal entity is a member of the ASSOCIATION, it may designate one or more persons who, if elected, shall hold office on its behalf.

SECTION 4.2 ELECTION

The officers of the ASSOCIATION, except such officers as may be appointed in accordance with the provisions of Sections 4.3 or 4.5, shall be chosen annually by the BOARD at the organization meeting, and each shall hold office until his resignation, removal or

disqualification to serve, or until his successor is elected and qualified.

SECTION 4.3 SUBORDINATE OFFICERS

The BOARD may appoint, or may empower the President to appoint, such other officers as the affairs of the ASSOCIATION may require (including the Assistant Secretaries and Assistant Treasurers mentioned in Section 4.1), each of whom shall hold office for such period, have such authority and perform such duties as are provided in the BY-LAWS or as the BOARD may from time to time determine.

SECTION 4.4 REMOVAL AND RESIGNATION

Any officer may be removed, either with or without cause, by the BOARD or by any officer upon whom such power of removal may be conferred by the BOARD; provided, however, that only the BOARD shall remove an officer chosen by the BOARD. Any officer may resign at any time by giving written notice to the BOARD, the President or Secretary. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 4.5 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 BY-LAWS for regular appointments to such office.

SECTION 4.6 DUTIES OF OFFICERS

A. The President shall be elected by the BOARD from among the Representatives. He shall be the Chief Executive Officer of the ASSOCIATION and of the Executive Committee and shall, subject to the control of the BOARD, have general supervision, direction and control of the affairs and officers of the ASSOCIATION. He shall preside at all meetings of the members and at all meetings of the BOARD and the Executive Committee and shall have the general powers and duties of management usually vested in the office of President of a corporation along with such other powers and duties as may be prescribed by the BOARD or the BY-LAWS.

B. The Vice-President shall be elected by the BOARD from among the Representatives. In the absence or disability of the President, the Vice-President 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 applicable to the President. He shall have such other powers and perform such other duties as from time to time may be prescribed by the BOARD or the BY-LAWS.

C. The Secretary shall be elected by the BOARD but need not be a Representative or member of the ASSOCIATION. The Secretary shall keep or cause to be kept, at the principal office of the ASSOCIATION or such other place as the BOARD may order, a book of minutes of all meetings of Representatives, members and the Executive Committee, including (without limitation) 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 meetings of the Representatives and the Executive Committee, the number of members and votes present in person or by proxy at members' meetings, and the proceedings thereof. The Secretary shall keep appropriate current records showing the members of the ASSOCIATION and their addresses. He shall give notice of all the meetings of the members and of the BOARD as required by the BY-LAWS or by law. 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 or the BY-LAWS.

D. The Treasurer shall be elected by the BOARD but need not be a Representative or a member of the ASSOCIATION. The Treasurer shall keep and maintain adequate and correct accounts of the properties and business transactions of the ASSOCIATION, including accounts of its assets, liabilities, receipts and disbursements. The book of account shall at all reasonable times be open to inspection by any Representative. The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the ASSOCIATION with such depositaries as may be designated by the BOARD or the Executive Committee. He shall disburse funds of the ASSOCIATION as may be ordered by the BOARD or the Executive Committee and shall render to the President, the Representatives and the Executive Committee, whenever they request it, an account of all of his transactions as Treasurer and of the financial condition of the ASSOCIATION. He shall have such other powers and perform such other duties as may be prescribed by the BOARD or the BY-LAWS.

ARTICLE V

EXECUTIVE COMMITTEE

SECTION 5.1 ORGANIZATION AND ELECTION

There shall be an Executive Committee composed of

the President and Vice-President, who shall be the Chairman and the Vice-Chairman respectively, and seven other Representatives. The members of the Committee, other than the President and Vice-President, shall be elected by the Representatives at the annual organization meeting of the BOARD. For the purpose of electing Committee members only, each Representative may cumulate his votes and give one candidate or divide among the candidates for election to the Committee a number of votes equal to the number of Committee members to be elected. The candidates receiving the highest number of votes, up to the number of Committee members to be elected, shall be deemed elected to serve for a term of one year, commencing on January first of the ensuing year.

In no event may a majority of committee members be elected from any one district as described in Exhibit F to the DECLARATION OF RESTRICTIONS.

SECTION 5.2 DUTIES

The Executive Committee shall be responsible for the general operation and administration of the ASSOCIATION. It shall have the power to do any and all things in the management and affairs of the ASSOCIATION with the same force and effect as though a full quorum of BOARD were acting except the power to adopt, amend, or repeal the BY-LAWS. The Committee shall be responsible to and controlled by the BOARD and report to it regularly regarding the affairs of the ASSOCIATION.

SECTION 5.3 MEETINGS; QUORUM

A. Immediately following the election of its members, the Executive Committee shall adopt a schedule of regular meetings of the Committee to be held during the forthcoming year. No notice shall be required for regular meetings of the Committee scheduled as aforesaid.

B. Special meetings of the Executive Committee may be called at any time by the Chairman or by any two Committee members. Written notice shall be given of such special meetings.

C. Five members (which may include the Chairman and Vice-Chairman) shall constitute a quorum. If a quorum is present, the decision of a majority of those present shall be the act of the Committee. The Executive Committee may also act without a meeting if all of the Committee members consent in writing to such action. Such written consent shall be filed with the minutes of the proceedings of the Committee.

ARTICLE VI

MISCELLANEOUS

SECTION 6.1 MANAGER

The BOARD or the Executive Committee may employ the services of a Manager to manage the affairs of the ASSOCIATION, and, to the extent not inconsistent with the laws of the State of California, the BOARD may delegate to the Manager any of its powers and duties under the WESTLAKE LAKE RESTRICTIONS.

SECTION 6.2 CORPORATE SEAL

The ASSOCIATION shall have a Seal in circular form having within its circumference the words "WESTLAKE LAKE MANAGEMENT ASSOCIATION, Incorporated July 1, 1968, State of California".

SECTION 6.3 AMENDMENT OF BY-LAWS

BY-LAWS may be adopted, amended or repealed by the members by the affirmative vote of two-thirds of the total votes cast in person or by proxy at a meeting or election of the members or by two-thirds vote of all of the Representatives (the quorum provisions of Section 3.3D being inapplicable for this purpose); provided, however, that Paragraphs A and B of Section 2.1 and all of Sections 3.1 and 3.2 shall not be amended or repealed without the affirmative vote or written consent of members holding not less than three-fourths of the total voting power of the ASSOCIATION or by the affirmative vote or written consent of three-fourths of all of the Representatives.

SECTION 6.4 NOTICES

Any notice or other document relating to or required by these BY-LAWS may be delivered either personally or by mail. If by mail, it shall be deemed to have been delivered twenty-four hours after the notice or other document has been deposited in the United States mail, postage prepaid, addressed as follows: if to the ASSOCIATION, the BOARD or the Executive Committee, at the WESTLAKE LAKE MANAGEMENT ASSOCIATION, Post Office Box 540, Westlake Village, California 91360; if to a Representative or member, at the address from time to time given by such Representative or member to the Secretary for the purpose of service of such notice, or, if no such address has been so given, to the address of any lot or parcel within the WESTLAKE LAKE RECREATIONAL AREA owned by such Representative or member.

SECTION 6.5 CONSENT TO WAIVER OF NOTICE

The transactions at any meeting of the members or of the BOARD or Executive Committee, however called or noticed, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum is present and if (either before or after the meeting) each member not present in person or by proxy at a meeting of the members, each Representative not present at a meeting of the BOARD, or each committee member not present at a meeting of the Executive Committee, signs a written waiver of notice, 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 and made a part of the minutes of meeting.