AMENDED AND RESTATED

BYLAWS

OF

SEAL BEACH MUTUAL ONE

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ARTICLE I
NAME AND LOCATION OF CORPORATION

Section 1. **Name.** The name of this corporation is Seal Beach Mutual No. One ("Corporation").

Section 2. **Location.** The Corporation's principal office is located in Seal Beach, California.

ARTICLE II
GENERAL PROVISIONS

Section 1. **Purpose**. The purpose of this Corporation is to provide its Members with housing on a non-profit basis consistent with the provisions set forth in its Articles of Incorporation.

Section 2. **Applicability of Davis-Stirling Common Interest Development Act.** Notwithstanding anything to the contrary, the Corporation is a "stock cooperative" as such term is defined in the Davis-Stirling Common Interest Development Act (California Civil Code Section 4000 et seq.) as the same may be amended, restated, modified or superseded from time to time ("Act"), and, as such, the Corporation shall at all times be subject to and operate in accordance with, the Act. The Corporation shall also be subject to the California Corporations Code.

Section 3. **Statute References.** Wherever reference is made herein to a California statute, including without limitation the California Civil Code or California Corporations Code, such reference shall continue to apply to such statute as it may be amended, modified, superseded or renumbered from time to time and/or any successor statute.

Section 4. **Individual Delivery; Electronic Communications Between Corporation and Members**.

(a) Individual Delivery or Individual Notice. If a provision of the Act requires that the Corporation deliver a document by "individual delivery" or "individual notice," the document shall be delivered by one of the following methods:

(1) First-class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service carrier. The document shall be addressed to the recipient at the address last shown on the books of the Corporation.

(2) E-mail, facsimile, or other electronic means, if the recipient has consented, in writing, to that method of delivery. The consent may be revoked, in writing, by the recipient.

(b) Electronic Communications Between Corporation and Members. In order to help preserve Corporation resources and facilitate timely communications, to the fullest extent possible, the Corporation intends to make e-mail the primary means of communication between the Corporation and Members who have consented to such method of delivery. A Member's consent to electronic communication may be revoked, in writing, by such Member.

Section 5. Voting by Secret Ballot Required on Certain Issues; Optional Voting by Secret Ballot. As long as required by California law, the election and removal of the directors by the Members and voting by the Members to approve assessments, the granting of the exclusive use of Common Area to a Member or to approve amendments to the Corporation's Bylaws and Articles shall be by secret ballot in accordance with the procedures set forth in the Act. The Corporation may, but is not obligated to, vote by secret ballot on any other topic which requires the vote of the Owners. All references to secret ballots in these Bylaws shall mean and refer to the procedures set forth in Section 5100 of the Act.

Section 6. Definitions.

(a) The "Board of Directors" or "Board" shall mean and refer to the governing body of the Corporation. A "Director" or Board member shall mean an individual member of the Board of Directors.

(b) "Common Area" shall mean the entire Development except all Dwelling Units as defined in these Bylaws.

(c) "Dwelling Unit" shall mean and refer to a portion of the real property in which a Member has a right of exclusive occupancy appurtenant to stock ownership in the Corporation.

(d) The term "Member" and "Shareholder" are used interchangeably and shall have the same meaning and refer to those individuals owning the shares of stock of this Corporation.

(e) "Occupancy Agreement" shall mean the agreement governing a Member's right of exclusive occupancy in a Dwelling Unit within the Development.

(f) "Development" shall mean the entire stock cooperative development, composed of the Common Area and Dwelling Units.

(g) "Governing Documents" shall mean these Bylaws and any other documents, such as Rules and Regulations, or Articles of Incorporation which govern the operation of the Corporation as a common interest development.

ARTICLE III
MEMBERSHIP

Section 1. **Eligibility.** The following natural persons are eligible for membership in the Corporation: (a) any natural person fifty-five years of age; (b) such other person as is qualified pursuant to the provisions of Civil Code Section 51.3; and (c) all persons who were shareholders on January 1, 1985. All persons approved by the Board of Directors of the Corporation shall be eligible for common stock ownership (hereinafter referred to as "membership") provided that he/she executes any and all agreements necessary to implement such ownership as determined by the Board of Directors, together with an occupancy agreement in the usual form employed by the Corporation, covering a specific unit in this Development. All memberships shall be issued in conformity with the laws of the State of California and the Corporation's Governing Documents.

Section 2. **Application for Membership.** Application for membership shall be presented in person on a form prescribed by the Board of Directors and all such applications shall be acted upon promptly by the Board of Directors.

Section 3. **Members.** The Members shall consist of such persons as have been approved for membership by the Board of Directors and who have paid for their stock and received stock certificates, and have executed an Occupancy Agreement. The Board may adopt such guidelines as it determines appropriate setting forth standards for the approval for membership including, but not limited to, minimum levels of income and assets, maximum debt to income ratios, credit scores, etc.

Section 4. **Transfer of Membership.** Except as provided herein, membership shall not be transferable.

(a) Death of Member. If, upon death of a Member, such Member's stock in the Corporation passes by will, trust or intestate distribution to a member of the Member's immediate family, such legatee or distributee may become a Member of the Corporation, subject to approval by the Corporation, execution of a new Occupancy Agreement and payment of all amounts due thereunder within sixty (60) days after Member's death. If the Member dies and an obligation is not assumed in accordance with the foregoing, then the Corporation shall have an option to purchase the stock from the deceased Member's estate in the manner provided in paragraph (b) of this Section, written notice of the death being equivalent to notice of intention to withdraw. If the Corporation does not exercise such option, the provisions of paragraph (c) of this Section shall be applicable, the references to "Member" therein to be construed as references to the legal representative of the deceased Member.

(b) Option of Corporation to Purchase. If the Member desires to leave the Corporation, the Member shall notify the Corporation in writing of such intention and the Corporation shall have an option for a period of thirty (30) days thereafter, but not the obligation, to purchase the membership, together with all the Member's rights with respect to the Dwelling Unit, at an amount to be determined by the Corporation as representing the transfer value thereof, less any amounts due by the Member to the Corporation. The purchase by the

Corporation of the membership will immediately terminate the Member's rights and the Member shall forthwith vacate the premises.

(c) Procedures Where Corporation Does Not Exercise Option. If the Corporation has waived its option to purchase the Member's share of common stock, pursuant to the preceding subparagraph (b), and the Member transfers his/her share to an approved transferee, then the Member shall be required to pay a transfer fee in an amount that the Corporation shall from time to time determine to be payable by the Member for all expenses incurred in connection with the transfer, and including any reasonable sum determined by the Corporation in consideration of its waiver of the Corporation's option to purchase the Member's share of common stock. When the transferee has been approved for membership and has executed the prescribed Occupancy Agreement, the retiring Member shall be released of his/her obligations under the Member's Occupancy Agreement, provided the retiring Member has paid all amounts due the Corporation to date.

Section 5. Termination of Membership. In the event the Corporation has, pursuant to the provisions of the Occupancy Agreement, terminated the rights of a Member under said Occupancy Agreement and repossessed the Dwelling Unit, the Member shall be required to deliver promptly to the Corporation such Member's share of stock and such Member's Occupancy Agreement, both endorsed in such manner as may be required by the Corporation.

The Corporation shall thereupon at its election either (1) repurchase said stock at its book value as determined by the Corporation, or (2) proceed with reasonable diligence to affect a sale of the Member's rights under such share or shares of stock to a purchaser and at a sales price acceptable to the Corporation. The retiring Member shall be entitled to receive book value (if the Corporation has exercised election (1) above) or the sales price (if the Corporation has exercised (2) above), but in either case less the following amounts (the determination of such amounts by the Corporation to be conclusive):

(a) any amounts due to the Corporation from the Member under the Occupancy Agreement;

(b) the cost or estimated cost of all deferred maintenance, including painting, redecorating, floor polishing and such repairs and replacement as are deemed necessary by the Corporation to place the Dwelling Unit in suitable condition for another occupant; and

(c) legal and other expenses incurred by the Corporation in connection with the default of such Member and the resale of his/her stock or failure to vacate the Dwelling Unit.

ARTICLE IV
MEETING OF MEMBERS

Section 1. Place of Meetings. Meetings of the membership shall be held at the principal office or place of business of the Corporation or at such other suitable place convenient to the membership as may be designated by the Board of Directors.

Section 2. **Annual Meetings.** The annual meeting of the Members shall be held each year on the 2nd Monday of June or at such other time and date as may be designated by the Board; provided, that such date shall not fall on a legal holiday. At each annual meeting, there shall be an election of the Board of Directors by secret ballot by the Members in accordance with the requirement of Article V, Section 3, of these Bylaws, and the transaction of any business of the Corporation that properly comes before the Members.

Section 3. **Special Meetings.** Special meetings of Members for any purpose(s) or purposes whatsoever, may be called at any time by the President or by the Board, or by any two or more Board members thereon, or by five percent (5%) or more of the Members. Except, in special cases where other express provision is made by statute or these Bylaws, notice of such special meetings shall be given in the same manner as for annual meetings of Members.

Section 4. **Notice of Member Meetings-Reports.**

(a) Method of Delivery; Time. Written notice of each annual or special meeting of the Members shall be given to each Member entitled to vote, either personally or by mail or other means of written communication permitted by law, charges prepaid, at least ten (10) but not more than ninety (90) days before such meeting, addressed to such Member at such Member's address appearing on the books of the Corporation or such address given by such Member to the Corporation for the purpose of notice, subject to the requirements of the Act which requires, under certain circumstances, that secret ballots be delivered not less than thirty (30) days prior to such meeting. Notwithstanding the foregoing, when a special meeting is requested by a Members pursuant to Article IV, Section 3 of these Bylaws, (i) an authorized officer of the Corporation shall within twenty (20) days after receipt of such request, send out a notice to the Members fixing a date for such a meeting which is not less than thirty-five (35) nor more than ninety (90) days after receipt of the request, (ii) Members shall be required to vote at such meeting by secret ballot in accordance with the procedures set forth in the Act, and (iii) notice of such meeting shall be provided at least thirty (30) days before such meeting. Any such notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by other means of written communication.

(b) Content of Notice. Such notice shall specify the place, day and hour of the meeting, and (i) in the case of a special meeting, the purpose of the meeting and that no other business may be transacted except as specified in the notice, or (ii) in the case of an annual meeting, those matters which the Board, at the time the notice is given, intends to present for action by the Members. The notice of any meeting at which Directors are to be elected shall include the names of all those who are nominees at the time the notice is given to the Members. Furthermore, if action is proposed to be taken at any meeting for approval for any of the following proposals, the notice shall also state the general nature of the proposal: (A) removing a Director without cause; (B) filling vacancies in the Board of Directors by the Members; (C) amending the Articles; (D) approving a contract or transaction in which a Director has a material financial interest; or (E) voluntary dissolution of the Corporation.

Section 5. **Quorum**. The holders of one-third (1/3) of the shares entitled to vote thereat, present in person, or represented by proxy, shall constitute a quorum at all meetings of the Members for the transaction of business except as otherwise provided by law, by the Articles of Incorporation, or by these Bylaws. If, however, such majority shall not be present or represented at any meeting of the Members, the Members entitled to vote thereat, present in person, or by proxy, shall have the power to adjourn the meeting from time to time, until the requisite amount of voting shares shall be present. At such adjourned meeting at which the requisite amount of voting shares shall be represented, any business may be transacted which might have been transacted at the meeting as originally noticed.

If a quorum be initially present, the Members may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken is approved by a majority of the Members required to initially constitute a quorum.

Section 6. **Validation of Members Meetings.** The transactions of any meeting of Members, however called and noticed, shall be valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the Members entitled to vote, not present in person or by proxy, sign a written waiver of notice, or a consent to the holding of such meeting or an approval of the minutes thereof. All such waivers, consents or approval shall be filed with the corporate records or made a part of the minutes of the meeting. Attendance shall constitute a waiver of notice, unless objection shall be made as provided in the Corporations Code.

Section 7. **Voting Rights: Cumulative Voting.** Only persons in whose name shares entitled to vote stand on the stock records of the Corporation on the day of any meeting of Members, unless some other day be fixed by the Board of Directors for the determination of Members of record, and then on such other day, shall be entitled to vote at such meeting.

Provided the candidate's name has been placed in nomination prior to the voting and one or more Member has given notice at the meeting prior to the voting of the Member's intent to cumulate the Shareholder's votes, every Member entitled to vote at any election for Directors may cumulate his/her votes and give one candidate a number of votes equal to the number of Directors to be elected multiplied by the number of votes to which his/her shares are entitled, or distribute his/her votes on the same principle among as many candidates as he deems fit.

The candidates receiving the highest number of votes up to the number of Directors to be elected are elected. The Board of Directors may fix a time in the future not exceeding thirty (30) days preceding the date of any meeting of Members or the date fixed for the allotment of rights, or when any change or conversion or exchange of shares shall go into effect, as a record date for the determination of the Members entitled to notice of and to vote at any such meeting, or entitled to receive any allotment of rights, or to exercise the rights in respect to any such change, conversion, or exchange of shares. In such case only Members of record on the date so fixed shall be entitled to notice of and to vote at such meeting, or to receive such allotment of rights or to exercise such rights, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after any record date fixed as aforesaid. The Board of Directors may

close the books of the Corporation against transfers of shares during the whole or any part of such period.

At every meeting of the Members, each Member present, either in person or by proxy, shall have the right to cast one vote on each question and never more than one vote. A membership is represented by one share. If there are multiple owners of one membership in the Corporation, despite the multiplicity of owners, they shall jointly have only one vote on each question. The vote of the majority of those present, in person or by proxy, shall decide any question brought before such meeting, unless the question is one upon which, by express provision by statute or the Articles of Incorporation of these Bylaws, a different vote is required, in which case, such express provision shall govern and control.

Section 8. **Proxies.** At all meetings of the Members, each Member may vote in person or by proxy. All proxies shall be in writing and executed by the Member or such Member's duly authorized agent and filed with the Corporation prior to the commencement of voting at the meeting at which the proxy is to be exercised. The proxy also shall identify the person or persons authorized to exercise the proxy and the length of time it will be valid. No proxy shall be valid after the expiration of eleven (11) months from the date of the proxy unless otherwise provided in the proxy. In addition, voting by proxy shall comply with any other applicable requirements of Corporations Code. Every proxy shall be revocable by the person granting it by announcing its revocation to the Corporation at the meeting at which it would otherwise be exercised prior to the exercise thereof, and shall automatically cease upon sale or conveyance by the person granting the proxy of such person's interest in his/her share.

Section 9. **Order of Business.** The order of business at all meetings of the Members shall be as follows:

(a) Pledge of Allegiance of the United States

(b) Roll Call

(c) Proof of Notice of Meeting or Waiver of Notice

(d) Reading of Minutes of Preceding Meeting

(e) Report of Officers

(f) Report of Committees

(g) Election of Directors

(h) Unfinished Business

(i) New Business

Section 10. **Organization.** The President, or in the absence of the President, the Vice President, shall call the meeting of the Members to order, and shall act as chairman of the meeting. In the absence of the President and the Vice President, Members shall appoint a chairman for such meeting. The Secretary of the Corporation shall act as a Secretary of all meetings of the Members, but in the absence of the Secretary at any meeting of the Members, the presiding officer may appoint any person to act as Secretary of the meeting.

Section 11. **Parliamentary Procedure**. Meetings of the membership of the Corporation shall be conducted in accordance with a recognized system of parliamentary procedure or any parliamentary procedures the Corporation may adopt. The Board shall permit any Member to speak at any meeting of the membership of the Corporation. A reasonable time limit for all Members to speak at a meeting of the Corporation shall be established by the Board.

Section 12. **Election Rules and Inspectors of Election**. The Corporation shall adopt election rules in accordance with Section 5105 of the Act. Such election rules shall, among other things, specify a method of selecting one or three independent third parties as inspector or inspectors of elections utilizing one of the following methods: (a) appointment of the inspector or inspectors by the Board; (b) election of the inspector or inspectors by the Members of the Corporation; or (c) any other method for selecting the inspector or inspectors. For the purposes of this Section, an independent third party includes, but is not limited to, a volunteer poll worker with the County Registrar of Voters, a licensee of the California Board of Accountancy, or a notary public. An independent third party may be a Member, but may not be a Director or a candidate for Director or be related to a Director or to a candidate for Director. An independent third party may not be a person, business entity, or subdivision of a business entity who is currently employed or under contract to the Corporation for any compensable services unless expressly authorized by the election rules. The inspector or inspectors of elections shall do all of the following:

(a) determine the number of memberships entitled to vote and the voting power of each.

(b) determine the authenticity, validity, and effect of proxies, if any.

(c) receive ballots.

(d) hear and determine all challenges and questions in any way arising out of or in connection with the right to vote.

(e) count and tabulate all votes.

(f) determine when the polls shall close, consistent with the Governing Documents.

(g) determine the tabulated results of the election.

(h) perform any acts as may be proper to conduct the election with fairness to all Members in accordance with the Act, the Corporations Code, and all applicable rules of the Corporation regarding the conduct of the election that are not in conflict with this Section.

An inspector of elections shall perform all duties impartially, in good faith, to the best of the inspector of election's ability, and as expeditiously as is practical. If there are three inspectors of elections, the decision or act of a majority shall be effective in all respects as the decision or act of all. Any report made by the inspector or inspectors of elections is prima facie evidence of the facts stated in the report.

ARTICLE V
DIRECTORS

Section 1. Number and Qualifications.

(a) Number. The affairs of the Corporation shall be governed by the Board of Directors, composed of nine (9) persons.

(b) Qualifications. All candidates for election to, and all Directors serving on the Board, must be Members of the Corporation. Additionally, no person may be a candidate for election to, or a Director serving on the Board, if the person: (1) is a co-owner of a stock certificate and another co-owner of the same stock certificate is a candidate for the Board or already a member of the Board; (2) has been declared of unsound mind by an order of the Court or convicted of a felony; (3) is in litigation with the Corporation or (4) is not in good standing (as defined below). For purposes hereof, to be in good standing, a Member must not be more than thirty (30) days delinquent in the payment of any assessment or carrying charge levied by the Corporation, and must not be in violation of the Corporation's Governing Documents as determined by a duly noticed hearing.

(c) Additional Qualifications For Serving Board Members. Serving Board Members may not continue to serve on the Board or be a candidate or be a candidate for re-election at the next election following the end of such Board Member's term if the person fails to sign the Code of Conduct and Ethics form (as the same may be amended from time to time by the Board) or fails to attend (either in person or via telephone conference in accordance with Section 4090 of the Act) three (3) regular monthly meetings within any twelve (12) month period without an excused absence (as defined below). For purposes hereof, an excused absence shall include any absence due to: (1) illness by the Director; (2) attendance at funeral of the Director's immediate family; (3) military service, and/or (4) jury duty in the manner provided for by law.

Section 2. Powers, Duties and Standard of Care. Subject to the limitations of the Articles, these Bylaws, and the California Corporations Code and the Act as to action required to be taken, authorized or approved by the Members of the Corporation, or a portion or percentage thereof, all Corporation powers and duties shall be exercised by, or under the authority of the Board, and the business and affairs of the Corporation shall be controlled by the Board Each Director shall exercise such powers and otherwise perform such duties in good faith, in the manner such Director believes to be in the best interest of the Corporation, and with such care, including reasonable inquiry, using ordinary prudence, as a person in a like position would use

under similar circumstances. The powers of the Board of Directors shall include, but not be limited to the following:

(a) Membership. To accept or reject all applications for membership and admission to occupancy of a Dwelling Unit in the Development, either directly or through an authorized representative;

(b) Assessments. To establish monthly carrying charges prescribed in the Occupancy Agreement, based on an annual operating budget formally adopted by such Board; and, collect the same from Members.

(c) Rules. To promulgate such rules and regulations pertaining to use and occupancy of the Dwelling Units and the common area as may be deemed proper and which are consistent with these Bylaws and the Articles of Incorporation.

(d) Enforcement. To enforce the applicable provisions of the Governing Documents.

(e) Payment of Taxes. To pay taxes and assessments that are, or could become, a lien on the Common Area or a portion thereof.

(f) Insurance. To contract for casualty, liability, and other insurance on behalf of the Corporation.

(g) Goods and Services for Common Area. To contract for goods and services for the Common Area, facilities, and interests of the Corporation.

(h) Delegation. To delegate its powers to any committees, officers, or agents of the Corporation that are expressly authorized by the Governing Documents.

(i) Financial Disclosures. To prepare and distribute budgets, financial statements and annual disclosures and notices for the Corporation as prescribed in the Act.

(j) Discipline. To initiate and execute disciplinary and termination proceedings against Members for violations of provisions of the governing documents in accordance with procedures set forth in the Governing Documents. Disciplinary action may include, after notice and a hearing, the suspension of a Member's voting rights and/or Common Area privileges (other than the right of ingress and egress to the Member's Dwelling Unit) for the period during which any assessment, including any monetary penalty against such Member's share , remains unpaid and delinquent, and, for a period not to exceed thirty (30) days, or for as long as the violation continues for any other infraction of these Bylaws, the Occupancy Agreement or the published Rules or Regulations of the Corporation committed by any Member and/or persons living in or visiting the Member's Dwelling Unit, and imposing a monetary penalty on any Member in such amounts as determined by the Board and as more fully described in a schedule of monetary penalties set forth in the Rules and Regulations adopted and amended by the Board from time to time, for the failure to comply with and/or for any violation of the Corporation's Governing Documents committed by such Member and/or persons living in or visiting the Member's Dwelling Unit.

(k) Entry into Dwelling Unit. To enter any Dwelling Unit under the following circumstances:

(1) In case of emergency.

(2) To conduct preventative maintenance inspection.

(3) To make necessary or agreed repairs, decorations, alterations, or improvements.

(4) To supply necessary or agreed services.

(5) Pursuant to court order.

The Corporation shall give Members twenty-four (24) hours' notice of the Corporation's intent to enter the Dwelling Unit, (except in the case of emergency). The Corporation, and the Corporation's agents and employees, shall enter a Dwelling Unit only during normal business hours, except (A) in cases of emergency, (B) if the tenant has abandoned or surrendered the Dwelling Unit or (C) if it is impractical to do so. If the tenant has abandoned or surrendered the Dwelling Unit, the Corporation may:

(1) Exhibit the Dwelling Unit to prospective or actual purchasers, mortgagees, tenants, repair personnel, or contractors.

(2) Conduct an inspection of fixtures, pipes and appliances if the Corporation reasonably believes that a Dwelling Unit has not been occupied for six (6) months.

(l) Review of Financial Documents: To review the following on at least a monthly basis, in accordance with Section 5500 of the Act, (1) a current reconciliation of the Corporation's operating accounts; (2) a current reconciliation of the Corporation's reserve accounts; (3) the current year's actual operating revenues and expenses compared to the current year's budget; (4) the latest account statements prepared by the financial institutions where the Corporation has its operating and reserve accounts; (5) an income and expense statement for the Corporation's operating and reserve accounts; and, (6) the check register, monthly general ledger, and delinquent assessment receivable reports. The review requirements of Section 5500 of the Act may be met when every individual member of the Board, or a subcommittee of the Board consisting of the Chief Financial Officer and at least one other Board member, reviews the documents and statements described in Section 5500 independent of a Board meeting, so long as the review is ratified at the Board meeting subsequent to the review and that ratification is reflected in the minutes of that meeting.

(m) Withdrawals from Reserves. To withdraw moneys from the Corporation's reserve accounts.

(n) Reserve Study. To cause studies of the reserve account requirements of the Development to be conducted, when necessary, and review those studies in accordance with the Act.

(o) Resolution of Disputes. To perform any act reasonably necessary to resolve, if possible, any civil claim or action through alternative dispute resolution proceedings such as mediation, binding arbitration, or non-binding arbitration proceedings.

(p) Termination of Membership. To terminate membership and occupancy rights for cause as set forth in these Bylaws and the Occupancy Agreement.

Section 3. Election and Term of Office and Cumulative Voting. The Directors of this Corporation shall serve for a term of two (2) years with four (4) Directors elected in odd-numbered years and five (5) Directors elected in even-numbered years. As long as required by California law, the election of the Directors by the Members shall be by secret ballot. The secret ballots for the election of Directors shall be counted and tabulated by the inspector(s) of election in public at a properly noticed annual meeting of the Members or special meeting of the Members, as the case may be, following the removal of a Director by the Members. In the event that California law no longer requires voting for the election of Directors by secret ballot, the voting for the election of Directors shall occur in person or by proxy at the annual meeting of the Members. All Members shall have the right to cumulate their votes for candidates in nomination. Under cumulative voting, each Member may give a single candidate the number of votes equal to the number of Directors to be elected, multiplied by the number of votes the Member is entitled to exercise under these Bylaws and the Declaration, or the Member may distribute the cumulated votes among any two (2) or more candidates as the Member desires. The candidates receiving the highest number of votes up to the number of Board Members to be elected shall be elected. Write-in candidates and nominations from the floor of the meeting are prohibited. No fractional votes are permitted.

Section 4. Removal of Directors.

(a) By Members. As long as required by California law, the vote of the Members to remove Directors shall be by secret ballot. The secret ballots for the removal of Directors shall be counted and tabulated by the inspector(s) of election in public at a properly noticed open meeting of the Members at which a quorum is present called to tabulate the vote on the removal. The entire Board may be removed from office, with or without cause by a majority of the membership. However, unless the entire Board is removed by a vote of the Members, an individual Director may not be removed prior to the expiration of his/her term, if the votes against his/her removal would have been sufficient to elect that Director if cast cumulatively at an election at which the same total number of votes were cast and all Directors authorized at the time of the most recent election of that Director were being elected. In the event that California law no longer requires voting for the removal of Directors by secret ballot, the voting for the removal of Directors shall occur in person or by proxy at a duly noticed meeting of the Members. A successor Director shall then and there be elected by secret ballot to fill the vacancy thus created at the membership meeting. Any Director whose removal has been proposed by the Members shall be given opportunity to be heard at the meeting.

(b) By Board. If any member of the Board fails to meet the qualifications for Board members as set forth in these Bylaws, the Board may, by action taken at a Board meeting, declare the office of said non-qualifying Director to be vacant and thereby remove such Director from office.

Section 5. Vacancies.

(a) Creation. A vacancy or vacancies shall be deemed to exist in any of the following events:

(1) Death or Removal. A vacancy shall exist in case of the death of a Director or removal of any Director by the vote of the Members.

(2) Resignation. A vacancy shall exist if a Director resigns from the Board. A Director may resign upon giving written notice to the President or to the Secretary or to the Board. Such resignation shall take effect on the date of the receipt of the notice or at any later time specified in the notice, and unless otherwise specified in the notice, the acceptance of the resignation shall not be necessary to make it effective. In the case of a notice of resignation of a Director tendered to take effect at a future time, the Board shall have the power to elect a successor to take office when the resignation shall become effective.

(3) By Board Vote. A vacancy shall exist if the Board has voted to declare vacant the office of a Director pursuant to Section 4(b), above, or if the Members shall increase the authorized number of Directors, but shall fail at the meeting at which such increase is authorized or at any adjournment thereof to elect the additional Directors so provided for, or in the event the Members fail at any time to elect the full number of authorized Directors.

(b) Filling of Vacancies. A vacancy created by removal of a Director by the Members can be filled only by election of the Members by secret ballot for so long as California law requires the election of Directors by secret ballot, or if California law no longer requires the election of Directors by secret ballot, at a duly called meeting of the Members at which a quorum is present. All other vacancies in the Board may be filled by a majority vote of the remaining Directors present at a duly called Board meeting even if the number of remaining Directors is less than a quorum. Each Director elected or appointed to fill a vacancy shall hold office for the remainder of the unexpired term of such Director's predecessor.

Section 6. Compensation. No compensation shall be paid to Directors for their services as Director. However, Directors and officers shall be reimbursed for expenses incurred in connection with the business of the Corporation and authorized by the Board. No remuneration shall be paid to a Director for services performed by him or her for the Corporation in any other capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the remaining members of the Board before the services are undertaken. Any Director requesting such remuneration in such other capacity shall be excluded from deliberations and voting by the Board relating to the authorization thereof and fixing compensation with regard thereto. A Director may not be an employee of the Corporation.

Section 7. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected. Notice of such meeting shall be provided to the Members as provided for in Section 9, below.

Section 8. Board Meetings.

(a) Location. Meetings of the Board of Directors shall be held at the corporate offices, or such other places as may be designated by the Board of Directors.

(b) Regular Board Meetings. Regular meetings of the Board of Directors shall be held each month. The time for said meeting shall be determined by the Board of Directors in its organizational meeting at the commencement of the term of said Board and the day of the month for each such meeting shall then be determined by a resolution of the Board. If said day so determined shall fall upon a holiday, such meeting shall be held as soon as possible so long as sufficient notice is provided to the Members. No notice need be given of such regular meetings. The Board of Directors shall have the authority, upon its determination, to cancel a future regular meeting of the Board of Directors in advance of the time of such meeting, upon a determination of the Board of Directors that said meeting is unnecessary or would suffer from lack of a quorum.

(c) Special Board Meetings. Special meetings of the Board may be called at any time by the President or, if he/she is absent or unable or refuses to act, by the Vice President, or the Secretary or by any two Directors, or by one Director if only one is in office.

(d) Executive Session Board Meetings. The Board may meet in executive session to discuss and vote upon personnel matters, formation of contracts, litigation in which the Corporation is or may become involved, disciplinary matters or to meet with a Member, upon a Member's request, regarding the Member's payment of Assessments. Any matter discussed in executive session shall be generally noted in the minutes of the immediately following meeting of the Board of Directors that is open to the entire membership. The Board shall meet in executive session if requested by a Member who may be subject to a fine, penalty, or other form of discipline, and the Member affected shall be entitled to attend the portion of the executive session meeting which is for a hearing or discussion with such Member. The Board shall have the right to deliberate on such issue without the Member. The Board may hold an executive session emergency meeting if circumstances require, as authorized by these Bylaws. Members may not attend executive session meetings of the Board except as provided above, or if invited by the Board in its sole discretion.

(e) Emergency Board Meetings. An emergency meeting of the Board of Directors may be called by the President, or by any two (2) Directors other than the President, if there are circumstances that could not have been reasonably foreseen that require immediate attention and possible action by the Board, and that of necessity make it impracticable to provide the notices required by Section 9 below. Notice to Members of an emergency meeting is not required. Electronic transmissions may be used as a method of conducting an emergency meeting if all members of the Board, individually or collectively, consent in writing to that action, and if the written consent or consents are filed with the minutes of the next regular or

executive session meeting of the Board, as may be appropriate. Written consent to conduct an emergency meeting may be transmitted electronically.

Section 9. Timing and Method of Delivery of Notice to Members.

(a) Regular and Special Board Meetings. Except for executive session Board meetings and emergency Board meetings as provided for in these Bylaws, notice of the time and place of all Board meetings shall be given to Members not less than four (4) days prior to the meeting; provided, however notice for adjourned meetings shall be pursuant to Subsection (h), below

(b) Executive Session Board Meetings. Except for an emergency executive session Board meeting (which shall require no prior notice to Members), Members shall be given notice of the time and place of a Board meeting that will be held solely in executive session at least two (2) days prior to the meeting.

(c) Method. Notice of a Board meeting shall be given to Members by General Delivery or general notice in accordance with Section 4045 of the Act, and shall be sent by individual delivery to any Member who has requested notification by individual delivery. "General Delivery" is any one of the following methods:

(1) Any method provided for delivery of an individual notice pursuant to Section 4040 of the Act.

(2) Inclusion in a billing statement, newsletter, or other document that is delivered by one of the methods provided in this Section.

(3) Posting the printed document in a prominent location that is accessible to all Members, if the location has been designated for the posting of general notices by the Corporation in the annual policy statement.

(4) If the Corporation broadcasts television programming for the purpose of distributing information on Corporation business to its Members, by inclusion in the programming.

(d) Timing and Method of Delivery to Board. Notice of Board meetings shall be given to each Board member not less than four (4) days prior to the meeting by first class mail, postage prepaid, or forty-eight (48) hours' notice delivered personally or by telephone (either directly to the Director or to a person at the Director's office who would reasonably be expected to communicate such notice promptly to the Director), by facsimile, or electronic mail. The notice shall be given or sent to the Director's address, or telephone number, facsimile number or electronic mail address as shown on the records of the Corporation. Notice of any meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.

(e) Content of Notice of Board Meetings. The notice shall specify the date, time and place of the meeting and the nature of any special business to be considered and shall include an agenda.

(f) Entry of Notice. Whenever any Director has been absent from any special meeting of the Board, an entry in the minutes to the effect that notice has been duly given shall be made.

(g) Waiver of Notice. The transaction of any business at any meeting of the Board, however called and noticed, or wherever held, shall be as valid as though made at a meeting duly held after regular call and notice, if (i) a quorum is present, and (ii) either before or after the meeting, each of the Directors not present signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof, or as to an individual Director, such Director attends the meeting and does not protest, prior to the meeting or at its commencement, the lack of notice to such Director. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

(h) Adjournment of Board Meetings. A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of an adjournment to another time or place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of adjournment and to the Members by general delivery as provided in this Section.

Section 10. Member Attendance at Board Meetings. Regular and special meetings of the Board shall be open to all Members of the Corporation. The Board shall permit any Member of the Corporation to speak at any Board meeting, except for a meeting of the Board held in executive session. A reasonable time limit for all Members of the Corporation to speak to the Board shall be established by the Board. Only Board members shall be entitled to attend executive sessions, except as provided in Section 8(d), above with respect to a Member discipline, upon a Member's request, regarding the payment of assessments, or if invited by the Board in its sole discretion.

Section 11. Board Action Without Meeting. The Board shall not take action on any item of business outside of a meeting except as provided in the Act. "Item of business" means any action within the authority of the Board, except those actions that the Board has validly delegated to any other person or persons, managing agent, officer of the Corporation, or committee of the Board comprising less than a majority of the Directors.

Section 12. Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 13. **Fidelity Bonds.** The Board of Directors shall require that all officers and employees of the Corporation handling or responsible for corporate funds shall furnish adequate fidelity bonds. The premium on such bonds shall be paid by the Corporation.

Section 14. **Committees.** The Board may, in its discretion, appoint any committees which it deems appropriate in carrying out its purposes, including, but not limited to an executive committee in accordance with the provisions of the Corporations Code. The purpose of all committees shall be to assist the Board of Directors in: (i) the development of policies, (ii) in the oversight and assessment of the Corporation's policies, and (iii) in the management of the Corporation. Committees shall act in an advisory capacity with the final decision in each instance shall be with the Board, and no committee shall be assigned, delegated, or chartered in any manner that would authorize it to take final action in the name of the Corporation, except for an executive committee. Committees (other than executive committees) shall not have authority to direct contractors, or agents, of the Corporation, except if, and to the extent, specifically authorized by the Board in writing.

ARTICLE VI
OFFICERS

Section 1. **Designation.** The principal officers of the Corporation shall be a President, a Vice President, a Secretary, and a Chief Financial Officer, all of whom shall be elected by and from the Board of Directors. The Directors may appoint an assistant Chief Financial Officer, and an assistant secretary, and such other officers as in their judgment may be necessary.

Section 2. **Election of Officers.** The officers of the Corporation shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. **Removal of Officers.** Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his/her successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

Section 4. **President.** The President shall be the chief executive officer of the Corporation. The President shall preside at all meetings of the Members and of the Board of Directors. The President shall have all of the general powers and duties which are usually vested in the office of president of a corporation.

Section 5. **Vice President.** Vice President shall take the place of the President and perform the President's duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed on him or her by the Board of Directors.

Section 6. **Secretary.** The Secretary shall keep, or cause to be kept, the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Members of the Corporation. The Secretary shall have charge of the stock transfer books and of such other books and papers as the Board of Directors may direct; and the Secretary shall, in general, perform all the duties incident to the office of the Secretary.

Section 7. **Chief Financial Officer.** The Chief Financial Officer shall have responsibility for corporate funds and securities and shall be responsible for keeping, or causing to be kept, full and accurate accounts of all receipts and disbursements in books belonging to the Corporation. The Chief Financial Officer shall be responsible for, or cause, the deposit of all moneys and other valuable effects in the name, and to the credit, of the Corporation in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE VII
CAPITAL STOCK AND MEMBERSHIP

Section 1. **Authorized Capital.** The authorized capital stock of the Corporation shall consist of 844 shares of common stock of the following series with the following numbers for each series:

Series	No. Shares
A (1 br)	210
B (1 br)	30
C (1 br)	280
D (1 br)	40
E (2 br)	91
F (2 br)	29
G (2 br)	134
H (2 br)	20
I (2 br)	10
Total	844

Section 2. **Stock Certificates.** Each stock certificate shall state that the Corporation is organized under the laws of the State of California, the name of the registered holder of the shares represented thereby, the number of shares represented by such certificate, and the par value of each share, the Corporation lien rights as against such shares as set forth in Section 5 of this Article, and the preferences and restrictions applicable thereto, and shall be in such form as shall be approved by the Board of Directors. Stock certificates shall be consecutively numbered, bound in one or more books, and shall be issued therefrom upon certification as to full payment. Every stock certificate shall be signed by the President or Vice President, and the Secretary, and shall be sealed with the corporate seal.

Section 3. **Lost Certificates.** The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates previously issued by the Corporation and alleged to have been destroyed or lost, upon the making of an affidavit of that fact by the person claiming the share certificate to be lost or destroyed. When authorizing such issuance of a new certificate or certificates, the Board of Directors may, in its discretion, and as a condition precedent to the issuance thereof, require the registered owner of such lost or destroyed certificate or certificates, or his/her legal representatives, to advertise the same in such manner as the Board of Directors shall require and to give the Corporation a bond or other adequate security as the Board of Directors may require as indemnity against any claim that may be made against the Corporation. A fee may be charged for the issuance of each new certificate.

Section 4. **Transfer of Stock.** No transfer of stock shall be made upon the books of the Corporation within ten (10) days next preceding the annual meeting of the Members.

Section 5. **Lien.** The Corporation shall have a lien on the shares of the outstanding common stock in order to secure payment of any sums which shall be due from the holders thereof for any reason whatsoever, including any sums due under any Occupancy Agreements.

ARTICLE VIII
AMENDMENTS

Section 1. **Amendments.** These Bylaws may be amended by two-thirds vote of the Members present and voting at any regular or special meeting of the Members, provided that a quorum as prescribed in these Bylaws, is present at any such meeting. Amendments may be proposed by the Board of Directors or by a petition signed by at least five percent (5%) of the Members. A statement of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment shall be voted upon.

Section 2. **Record of Amendments.** Whenever an amendment or new Bylaw is adopted, it shall be copied in the book of Bylaws with the original Bylaw, in the appropriate place. If any Bylaw is repealed, the fact of repeal with the date of the meeting at which the repeal was enacted or written assent was filed shall be stated in said book.

ARTICLE IX
CORPORATE SEAL

Section 1. **Seal.** The Board of Directors shall provide a suitable Corporate Seal containing the name of the Corporation, which seal shall be in the charge of the Secretary. If so directed by the Board of Directors, a duplicate of the seal may be kept and used by the Chief Financial Officer.

ARTICLE X
FISCAL MANAGEMENT

Section 1. **Fiscal Year.** The fiscal year of the Corporation shall begin on January 1, and end on December 31 of each calendar year except that the first fiscal year of the Corporation shall begin at the date of incorporation. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should corporate practice dictate.

Section 2. Books and Records; Inspection.

(a) Generally. The Corporation shall maintain, in accordance with generally accepted accounting principles, adequate and correct accounts, books and records of its business and properties as may be required by Civil Code Section 5200 et seq. All of such books, records and accounts shall be kept at its principal executive office in the State of California, as fixed by the Board of Directors from time to time.

(b) By Members. Members shall have the right to inspect the Corporation's membership register, books and records, and minutes of meetings of the Members, of the Board and of committees of the Board as may be permitted by California law, including, but not limited to the Act. Board minutes, proposed minutes, or a draft or summary thereof (other than those from an executive session), shall be available to Members within thirty (30) days of the meeting, and shall be distributed to any Member upon request and upon reimbursement of the costs in making that distribution. Notwithstanding anything to the contrary, a Member's right of inspection shall not include the right to inspect minutes of executive session Board meetings or any documentation protected by the attorney-client privilege.

(c) By Directors. Pursuant to the Corporations Code, every Director shall have the absolute right at any reasonable time to inspect, including the right to make extracts and copies of, all books, records and documents of the Corporation and the physical properties owned or controlled by the Corporation, provided, however, that the Board may limit the right of any Director to review ballots and proxies pertaining to an election in which the Director was a candidate or Corporation records wherein the Director is a party to an action adverse to the Corporation.

(d) Procedures. The Board shall establish reasonable rules with respect to: (i) notice to be given to the custodian of the records by the Member desiring to make the inspection; (ii) hours and days of the week when such an inspection may be made; and (iii) payment of the cost of reproducing copies of documents requested by an Member in accordance with applicable California law.

Section 3. Review of Financial Statement. A review of the financial statement of the Corporation shall be prepared in accordance with generally accepted accounting principles by a licensee of the California Board of Accountancy for any fiscal year in which the gross income to the Corporation exceeds seventy-five thousand dollars ($75,000). A copy of the review of the financial statement shall be distributed to the Members within 120 days after the close of each fiscal year, by individual delivery pursuant to Section 4040.

Section 4. Execution of Corporate Documents. With the prior authorization of the Board of Directors, all notes and contracts, including Occupancy Agreements, shall be executed on behalf of the Corporation by either the President or Vice President, and all checks shall be executed on behalf of the Corporation by (1) either the President or Vice President, and countersigned (2) by either the Secretary or Chief Financial Officer.

Section 5. **Annual Report.** The annual report to the Members referred to in the California Nonprofit Mutual Benefit Corporation Law is expressly dispensed with, but nothing in these Bylaws shall be interpreted as prohibiting the Board from issuing annual or periodic reports to the Members as they consider appropriate.

ARTICLE XI
MISCELLANEOUS

Section 1. **Indemnity.** The Corporation shall indemnify any present or former Director, officer, employee, or other agent of the Corporation to the fullest extent authorized under the Corporations Code, and may advance to any of those persons funds to pay expenses that may be incurred in defending any action or proceeding on receipt of an undertaking by or on behalf of that person to repay those funds unless it is ultimately determined that the person was entitled to indemnification under this provision.

Section 2. **Reserve Study.**

(a) In accordance with the Act, at least once every three (3) years the Board shall cause a study of the reserve account requirements of the Development to be conducted, including a reasonably competent and diligent visual inspection of the accessible areas of the major components which the Corporation is obligated to repair, replace, restore or maintain, if the current replacement value of said major components is equal to or greater than one-half (1/2) of the gross budget of the Corporation, excluding the Corporation's reserve account for that period. The Board shall review this study annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review. The study required by this Section shall, at a minimum, contain the information required by the Act.

(b) Expenditure of reserve funds. The Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of the major components which the Corporation is obligated to repair, restore, replace, or maintain and for which the reserve fund was established, or litigation involving the major components. However, the Board may authorize the temporary transfer of money from a reserve fund to the Corporation's general operating fund to meet short-term cash-flow requirements or other expenses if the Board has provided notice of the intent to consider the transfer in a notice of meeting, which shall be provided as specified in the act. The notice shall include the reasons the transfer is needed, some of the options for repayment, and whether a special assessment may be considered. If the Board authorizes the transfer, the Board shall issue a written finding, recorded in the minutes of the Board meeting, explaining the reason that the transfer is needed, and describing when and how the money will be repaid to the reserve fund. The transferred funds shall be restored to the reserve fund within one (1) year of the date of the initial transfer, except that the Board may, upon making a finding supported by documentation that a delay would be in the best interests of the Development, delay the restoration until the time which the Board reasonably determines to be necessary. The Board shall exercise prudent fiscal management in maintaining the integrity of the reserve account, and shall, if necessary, levy a special assessment to recover the full amount of the expended funds within the time limits required by this Section. The Board may, at its discretion, extend the date the payment on the

special assessment is due. Any extension shall not prevent the Board from pursuing any legal remedy to enforce the collection of an unpaid special assessment. When the decision is made to use reserve funds or to temporarily transfer money from the reserve fund to pay for litigation, the Corporation shall notify the Members of the Corporation of that decision in the next available mailing to all Members as set forth in the Act, and of the availability of any accounting of those expenses. Unless the Corporation's governing documents impose more stringent standards, the Corporation shall make an accounting of expenses related to the litigation on at least a quarterly basis. The accounting shall be made available for inspection by Members of the Corporation at the Corporation's office.

(c) Signatures Required. At least two (2) signatures shall be required for the withdrawal of monies from the Corporation's reserve accounts; signatures shall be those of two (2) members of the Board.

Executed this 1 day of July, 2019.

SEAL BEACH MUTUAL NO. ONE

By: _____
President

I, the undersigned and duly elected and acting Secretary of Seal Beach Mutual No. One, a California non-profit mutual benefit corporation, do hereby certify:

That the within Bylaws were adopted on the ___ day of _____, 2019, and that the same replaces any previous Bylaws of the Corporation and now constitutes the entire set of Bylaws of the said Corporation.

IN WITNESS WHEREOF, I have subscribed my name this 2nd day of July, 2019.

By: _____
Secretary