

12.2 Rules Concerning Inspection. The Board shall establish reasonable rules with respect to:

- a. Notice to be given to the custodian of the records by the Member desiring to make the inspection;
- b. Hours and days of the week when such an inspection may be made; and
- c. Payment of the cost of reproducing copies of documents requested by a Member.

12.3 Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association, and the physical properties owned or controlled by the Association, as provided in the California Corporations Code. The right of inspection by a Director includes the right to make extracts and copies of documents.

ARTICLE 13

NOTICE AND HEARING

13.1 Suspension of Privileges. In the event of an alleged violation of the Declaration, these By-Laws or the Rules and Regulations of the Association, and after written notice of such allegation, as provided below, the Board shall have the right, after conducting a hearing on the matter, as provided below, to discipline any Member by taking any one (1) or more of the following actions: (a) levying a Compliance Assessment as provided in the Declaration; (b) suspending or conditioning the right of said Member to use any Association Property operated by the Association; or (c) suspending said Member's voting privileges. Any such suspension shall be for a period of time not exceeding thirty (30) days for any noncontinuing violation, but in the case of a continuing violation, including, without limitation, the nonpayment of Assessments which have become delinquent, such suspension may be imposed so long as the violation continues.

13.2 Notice to Member. Written notice of the alleged violation shall be delivered personally or mailed to the Member by first class or registered mail, return receipt requested, at least fifteen (15) days before the proposed hearing on said alleged violation. Said notice shall contain: (a) an explanation in clear and concise terms of the nature of the alleged violation; (b) a reference to provisions of the Declaration, the Rules and Regulations or these By-Laws which said Member is alleged to have violated; and (c) the time and place for the hearing.

13.3 Hearing. The hearing shall be conducted by the Board, in executive session, affording the Member a reasonable opportunity to be heard and enabling the Board to evaluate the

evidence concerning the alleged violation. At the hearing, said Member shall have the right to present oral or written evidence concerning the alleged violation. The Board shall render its decision concerning the alleged violation to said Member not less than five (5) days after the hearing, and shall provide a written explanation of the suspension, fine or conditions, if any, imposed by the Board.

ARTICLE 14

AMENDMENTS

14.1 Amendments to By-Laws. These By-Laws may be amended by Declarant at any time prior to the close of escrow for the sale of the first Lot. After the sale of the first Lot, these By-Laws may be amended only by the affirmative vote (in person or by proxy) or written consent of Members representing at least a majority of the voting power of each class of Members and a majority of the voting power of the Association residing in Members, other than Declarant. However, the percentage of voting power necessary to amend a specific section or provision of these By-Laws shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that section or provision.

In addition, so long as there is a Class B membership, any amendment to these By-Laws shall require the approval of the Department of Veterans Affairs ("VA"). A draft of the amendment should be submitted to the VA for its approval prior to its approval by the membership of the Association. At such time as the Class B membership shall cease and be converted to Class A membership, amendments to these By-Laws shall be enacted by requiring the vote or written assent of:

- a. Sixty-seven percent (67%) of the total voting power of the Association; and
- b. Sixty-seven percent (67%) of the votes of Members, other than the Declarant.

Notwithstanding the foregoing, the percentage of a quorum of the Members or of the votes of Members, other than the Declarant, necessary to amend a specific provision in these By-Laws shall not be less than the prescribed percentage of affirmative votes required for action to be taken under said provision.