

BY-LAWS
OF
THE SUNSET MESA PROPERTY OWNERS ASSOCIATION, INC. (“SMPOA”)
Malibu, California

(State of California Corporate No. D-462433, December 18, 1963)

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The original of these By-Laws were submitted to the members of the SMPOA (the “Association”) for its approval at the Annual Meeting held in April, 1967. The Amendments to these By-Laws were submitted to the members of the Association for approval at the Annual Meetings held in May 1977, June 1982, and June 1984.

These By-Laws were further amended at the Annual Meetings held in June 2011 and June 2012.

THE BOARD OF DIRECTORS OF SMPOA

April 15, 1967
May 3, 1977
June 5, 1980
June 1, 1982
June 12, 1984
June 15, 2011
June 18, 2012

ARTICLE I

Place of Business

The principal place of business, and the office for the transaction of business of the Association shall be at the home of the President of the Association, or such other place as the Board of Directors of the Association (“the BOARD”) may designate.

ARTICLE II

Members

Section (1): Qualifications for Membership

All owners of property located in the unincorporated area of Los Angeles County known as Sunset Mesa are eligible to become members of the Association.

Section (2): Members in Good Standing Defined

A Member in Good Standing of the Association is defined as an owner of property located within the geographical limits outlined above who has paid dues for the current fiscal year as provided for in Article VII hereof. A non-owner occupant may participate in Sunset Mesa functions or serve on any committee, but they may not serve on the BOARD, on the Architecture Committee (“AC”) or vote.

Section (3): Meetings

(a) Annual Meeting: There shall be one regularly scheduled Annual Meeting of the Association which shall occur in the evening on the second (2nd) week in the month of June in each and every successive year commencing in the year 1964, or upon such other date in June that the BOARD shall designate. Directors of the Association shall be elected at each Annual Meeting of the Association in conjunction with such other business as may be properly brought before the Annual Meeting. Newly elected directors shall take office at the annual Organizational Meeting of the BOARD as provided in Article III, Section 6 hereof.

(b) Special Meetings of the Association. Special Meetings of the Association may be called at any time by the majority vote of the BOARD, or by the President of the Association, or upon written petition directed to the President and/or the BOARD, subscribed to by Twenty Percent (20%) or more of the members in good standing of the Association. All Special Meetings of the Association shall be held as designated by the BOARD; provided, however, that no Special Meeting shall be held at any location outside of the Malibu or Santa Monica Bay area.

Section (4): Notice of Meetings to Members

Notice of all Special Meetings of the Association shall be given to each member in good standing of the Association at least two (2) days prior to the scheduled date for such Special Meeting. Such notice may be dispatched by the Secretary of the Association or any director of the Association, and shall be delivered or mailed to each member in good standing at the address as appears upon the books and records of the Association.

Notice of the Annual Meeting as to the date, time and location may be provided by publication on the front page of the two editions of the Sunset Mesa-Ge preceding that meeting and/or by posting on the Association website.

Whenever any Special Meeting is called pursuant to the requirement set forth hereinabove, the notice to members required herein shall contain a statement of the purposes for calling the Special Meeting and the business to be transacted at such meeting.

Section (5): Quorum

The presence of at least fifteen percent (15%) of the homeowner members in good standing of the Association, at any meeting called under the provisions of these By-Laws, shall constitute a quorum for the purpose of transacting the business of the Association. A majority vote of the quorum shall be sufficient to act upon and pass any measure or proposal before it, and such vote shall constitute the official act of the Association.

Section (6): Voting

Each Mesa property owner who is a member in good standing shall, for the purpose of voting, be entitled to one vote. If a home is jointly owned by more than one person or held in trust, then the entire home is entitled to one vote, to be exercised by a majority of the joint owners or trustee. No proxy voting is authorized.

An absentee ballot will be provided for the Annual Meeting for the election of directors only if requested from the Secretary of the Association no later than five (5) days prior to the meeting. The absentee ballot may be provided electronically in PDF format. The completed absentee ballot must be postmarked or received by the Secretary by midnight on the day prior to the meeting, and may be provided by email in a pdf format to the Secretary of the Association.

ARTICLE III

Directors

Section (1): Powers

Subject to any limitations contained in the Articles of Incorporation or the By-Laws of the Association, or of the laws of the State of California, all corporate powers shall be exercised by the BOARD, who shall likewise conduct and transact all of the regular business of the Association.

Section (2): Number and Qualifications

The BOARD shall consist of not less than seven (7) nor more than ten (10) members in good standing. Provided however that if one or more of the then current BOARD resign or terminate their role for any reason during a particular year, that the remaining BOARD members may continue to exercise the full powers of the BOARD provided in Section 1 until the next annual meeting of homeowners.

Section (3): Method of Election of Directors:

Nominations for service on the BOARD may be made in one of three ways.

One: The current Board may recommend candidates to serve on the Board for the succeeding term and announce the recommended candidates in both the June issue of the Sunset Mesa-Ge and/or on the website and at the commencement of the regular annual meeting.

Two: In addition, any person who wishes to serve on the Board may contact any Board member, provide background information, and be announced as a candidate in the Sunset Mesa-Ge and/or on the website.

Three: Finally, nominations for candidates to the Board may be made by any member in good standing of the Association from the floor at any Annual Meeting with the nominee's written consent, provided that such nomination is supported by three (3) or more members in good standing.

Each member in good standing, as defined in Article II, Section 2, shall be allowed to cast one (1) vote, as defined in Article II Section 6, for each office to be filled at the election. All candidates are elected for one year terms. The term of office of those appointed by the BOARD during the year shall expire at the next annual Organizational Meeting of the Board.

Section (4): Removal and Replacement of Directors

Any director may be removed from office at any Annual or Special Meeting of the Association, upon the vote of two-thirds (2/3rds) of the members in good standing present at such meeting, provided that notice of intent to remove shall be duly given as provided for under the requirements of giving notice herein.

It is the intended that BOARD members conduct themselves with integrity. Therefore, if a BOARD member is accused of violating the CC&Rs, that claim will be investigated by the AC in the same manner as all other claims. If the claim is deemed meritorious, the member shall have 60 days to bring his or her property into compliance

or resign from the BOARD. If the claim is appealed to the BOARD by either the accused BOARD member or the accuser, the BOARD shall proceed with the appeal in the usual course *sans* participation of the accused BOARD member. If the BOARD finds the accused BOARD member in violation of the CC&Rs, that accused BOARD member shall have 30 days from the date of that decision to bring his or her property into compliance or resign from the BOARD.

Any such vacancies may be immediately filled by election or appointment in the manner provided herein.

Section (5): Vacancies

A vacancy on the BOARD shall be deemed to exist in the event of death, resignation, or removal or termination of membership in good standing from the Association, or in the event that the full number of authorized directors are not elected.

A director shall be removed from office in the event that he or she is absent from three (3) consecutive meetings of the BOARD without good cause or has failed to pay Association dues by August 1 of any year. Qualification of good cause shall be determined by the BOARD for each individual case. In the event that a vacancy occurs as provided herein, the BOARD is authorized to fill the office vacated thereby, or may call a Special Meeting for the purpose of holding an election to fill such vacancy.

Section (6): Organizational Meeting

The Annual Organizational Meeting of the BOARD shall be held no later than thirty (30) days following the regular Annual Meeting of the membership of the Association, at which time the BOARD shall elect officers of the Association as provided for herein.

Section (7): Meetings of Directors

(a) Regular Meetings. Regular Meetings of the BOARD shall be held each month, the day being decided by a majority of the directors in office. Regular Meetings of the BOARD shall be held at such places and at such times as are designated by the

President of the Board.

(b) Special Meetings. Special Meetings of the BOARD may be held at any time upon the call of the President or any three (3) directors. Any meeting, wherever held or however noticed, shall be valid and constitute the official act of the BOARD, provided written consent of a majority of the BOARD be filed with the Secretary thereof, either prior to or subsequent to the meeting. Unless otherwise provided by these By-Laws, meetings shall be conducted according to Robert's Rules of Order. Special Meetings of the BOARD may be held by telephonic conference call, provided that written notice of said meeting shall be provided at least 24 hours in advance by e-mail or other form of communication. A member of the BOARD who is unable to attend such a telephonic meeting may provide a written proxy (evidenced by e-mail or other form of communication) to the President or another Board member.

(c) Voting by Email. For Special Meetings, the BOARD may authorize voting to be conducted by e-mail rather than telephonically. Additionally, the BOARD may vote by email on other matters which may arise, provided that the votes are subsequently acknowledged during a Regular or Special Meeting of the BOARD.

Section (8): Quorum

The majority of the duly elected directors of the Association shall constitute a quorum for the transaction of business. No business may be transacted, nor any actions taken by the BOARD in the event that less than a quorum is present at the convening of any meeting.

ARTICLE IV

Officers

Section (1): Designation of Officers

The officers of the Association shall be as follows: President, Vice-President, Secretary, Chief Financial Officer (Treasurer), and such other officers as the BOARD

may designate.

Section (2): Election of Officers

The officers of the Association shall be elected annually by the BOARD and shall hold offices for the term of one (1) year or until their successors shall be elected. All officers of the Association shall be elected from among the members of the BOARD, provided that the Chairman of the BOARD shall be one and the same person as the President of the Association. Election of officers of the Association shall occur at the Organizational Meeting of the BOARD provided for hereinabove.

Section (3): Resignation

Any director or officer may resign at any time upon written notice to the President or Secretary of the BOARD, and such resignation shall be deemed effective upon receipt of such notice. The BOARD is authorized and empowered to fill the vacancy created by the resignation of any officer of the Association.

Section (4): President

The President of the Association shall exercise the usual powers of the office, and shall be the Chairman of the Board of Directors and Chief Executive Officer of the Association and preside over all of the meetings of the Association. The President shall appoint the Editor of the Sunset Mesa-ge upon the approval of the BOARD.

Section (5): Vice-President

The Vice-President of the Association shall act in the absence or disability of the President, and when so acting shall have all the powers of the President.

Section (6): Secretary

(a) The Secretary of the Association shall be charged with the responsibility of taking and maintaining minutes of all meetings of the Association, receiving and answering general correspondence, dispatch all required notices, and perform such other duties as the BOARD shall require. The BOARD may divide the responsibilities and authority of the office of Secretary between or among two or more officers.

(b) It shall also be the responsibility of the Secretary to upload signed Minutes monthly onto the website and to provide the Editor of the Mesa-ge with a synopsis of the Minutes for the meeting immediately preceding the Mesa-ge publication immediately following said meeting.

Section (7): Chief Financial Officer ("Treasurer")

(a) The Chief Financial Officer shall be charged with the responsibility of safe keeping of the funds of the Association, rendering accounts and reports, disbursing and receiving funds, as directed by the BOARD. The Chief Financial Officer shall also be charged with the keeping of the membership roster and records of dues paid.

(b) The Treasurer shall prepare and submit to the BOARD an annual report, which includes each of the following:

(i) Annual Financial Statements which consist of the balance sheet and a statement of receipts and disbursements of the Association. The Treasurer is responsible for ensuring that the financial statements reconcile to the supporting documents such as the bank statements, deposit records and cancelled checks.

(ii) Annual Comparative Analysis of the actual receipts and disbursements to the budgeted receipts and disbursements, along with a narrative which discusses the reason for significant variances (if any) between the budgeted and actual amounts.

(iii) Report of Invested Funds, along with a narrative which discusses the status of the investments. And

(iv) Proposed Annual Budget for the next budget year.

Section (8): Regular Reporting of Financial Information to the Association

The monthly Mesa-ge shall contain the Treasurer's Report with appropriate headings and with specific information regarding the income and expenses of the Association for the preceding month.

Section (9): Authorized Signatures for Checks

All checks or drafts shall require any two (2) of three (3) signatures authorized to sign. Authorized signatures will consist of the President, Vice-President, or the Chief Financial Officer of the Association. If the second signatory is not readily available to sign, he or she may authorize the writing of the check, not to exceed \$2,000, by email.

Section (10): Committees

The BOARD shall, as it deems necessary, create or dissolve appropriate Committees other than the permanent Architecture Committee. Chairpersons of such committees shall be appointed by the President of the Association. Any action taken by such Committees must be approved by the BOARD.

ARTICLE V

Keeping of Records

Section (1): Definition of Records

The records of the Association are defined as the Minutes of the meetings of the BOARD, correspondence, the Treasurer's annual report, the membership list, the SUNSET MESA-GE, the By-Laws, the AC records, and the records and files of other such committees as may be appointed by the BOARD.

Section (2): Transfer of Records

The records of the Association shall be transferred at the Organizational Meeting of the BOARD following the election of new officers at the Annual Meeting. The President and the Secretary of the Association shall transfer all records and correspondence to the new President and the new Secretary. The Treasurer shall transfer all accounts records and the membership list to the new Treasurer. The Editor of the MESA-GE shall transfer all of the copies of SUNSET MESA-GE to the new Editor.

The AC records shall be passed on to the new AC Chairperson upon his or her election. In the event that electronic records are kept of any particular category of

Association records, then such electronic records, in .PDF or other format secure against further alteration, may be utilized in the transfer of records in lieu of paper copies of the same records.

Section (3): Inspection of Records of the Association

The accounting books and records, Articles of Incorporation, By-Laws, as amended, and Minutes of proceedings of the Annual Meeting of the BOARD and its Committees of the BOARD, shall be open to inspection by any member in good standing, upon written demand of the member, delivered to the President or Vice President of the Association for any purpose reasonably related to such person's interests as a member of the Association. Such inspection shall be at a time and place reasonably convenient to the individuals tasked with the keeping of such records (e.g., Treasurer or Secretary) and the member.

Every director of the Association shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind, and to inspect the physical properties of the Association.

The Association shall furnish to any member in good standing, who so requests in writing, a copy of any report required to be filed by the Association with any governmental agency, and may impose reasonable charges for copying and mailing any such report.

In lieu of permitting physical inspection of books, records or minutes of the Association, the Association may provide true and correct copies thereof, including by electronic transmission, to any member and may impose reasonable charges for copying and delivering such materials to the member.

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ARTICLE VI

Amendments

Amendment or repeal of the By-Laws of the Association may be accomplished by a majority vote (Article II, Section (6)) of the Members in Good Standing (Article II, Section (2)) present at any Annual or Special Meeting. The BOARD shall have no power to adopt, amend, or repeal the By-Laws of the Association.

ARTICLE VII

Dues

Dues shall be assessed by the BOARD in such amounts as may be deemed appropriate per year per residence /owner. The fiscal year of the Association shall be from July 1 through June 30. Dues are due and payable on July 1. No member of the Association shall be deemed to be in good standing if his or her household has not paid its dues.

ARTICLE VIII

Litigation

The Association shall not pay for litigation or quasi-legal proceedings brought in any action by or between any owner or occupant of any property in the Sunset Mesa.

ARTICLE IX

Architecture Committee

Section (1): Duties and Responsibilities

The Architecture Committee ("AC") shall perform all the functions of the AC as are set forth in the Declaration of Covenants, Conditions, and Restrictions ("CC&R's") for Tract Nos. 26458, 26459, 26460, 26461, 27152, 27604, 28072 and 28339. As such, it

shall approve or disapprove all plans submitted to it.

The AC shall be charged with the responsibility of providing uniform application of the Declaration of Covenants, Conditions and Restrictions with respect to each of the Tracts over which it has authority in the Sunset Mesa (i.e., Tract Nos. 26458, 26459, 26460, 26461, 27152, 27604, 28072 and 28339). This Committee shall have the authority to establish guidelines for interpreting the CC&R's. The AC shall be duly constituted with a minimum of five (5) and a maximum of eight (9) members all of whom must be members in good standing of the Association.

Section (2): Selection of Members

A nominating committee consisting of three (3) members in good standing of the Association shall be appointed by the BOARD annually and no later than ninety (90) days subsequent to the regular Annual Meeting (“NOMINATING COMMITTEE”). The NOMINATING COMMITTEE may include members of the current Board. The NOMINATING COMMITTEE shall report its recommendations in the SUNSET MESA-GE and/or the website, and thereafter submit its nominations for consideration by the newly elected BOARD. The BOARD may consider qualified candidates in addition to the recommendations of the NOMINATING COMMITTEE when selecting members for the AC.

Members of the AC shall be appointed by the BOARD for one (1) year. The term of office of those appointed shall expire at the end of one (1) year or at such time as their successors have been appointed and have qualified. AC members must be members in good standing of the Association.

Section (3): Chairperson

The Chairperson of the AC shall be a Director of the Association and be appointed by the President. The Chairperson shall be charged with the responsibility for the safekeeping of the records of the committee and the responsibility of rendering reports of any business transacted by the AC to the BOARD.

The Chairperson may appoint a Secretary for the taking and maintaining of minutes of all meetings of the committee, receiving and answering correspondence, and dispatching all required notices. The Chairperson shall promptly transmit true and correct copies of the Minutes and correspondence of the AC to the President or to such other person as the BOARD may determine.

The Chairperson, with the approval of the President, may select a co-Chairperson to assist in his or her duties.

Section (4): Voting

Any business of the AC shall be approved by a majority of the members of this committee. Three (3) shall be considered a majority for a committee comprised of five (5) appointed members, four (4) shall be considered majority for a committee comprised of six (6) or seven (7) appointed members, and five (5) shall be considered a majority for a committee comprised of eight (9) appointed members.

Section (5): Vacancies

A vacancy on the AC shall be deemed to exist in the event of death, written resignation, termination of membership in the Association or removal from office. A member shall be removed from this committee in the event he or she is absent from three (3) consecutive committee meetings without good cause. Qualification of good cause shall be determined by the BOARD for each individual case. Any such vacancy may be immediately filled by appointment by the BOARD. The appointee shall serve until the next organizational meeting of the BOARD or at such time as their successors have been approved and qualified.

Section (6): Removal and Replacement of Members

Any member may be removed from the AC at any Regular or Special Meeting of the BOARD, upon the vote of two-thirds (2/3rds) of those present at such meeting, provided that prior notice of intent to remove has been duly given.

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It is the intended that AC members conduct themselves with integrity. Therefore, if an AC member is accused of violating the CC&Rs, that claim will be investigated by the AC in the same manner as all other claims *sans* the participation of the accused AC member. If the claim is deemed meritorious, the accused AC member shall have 60 days to bring his or her property into compliance or resign from the AC. If the claim is appealed to the BOARD by either the accused AC member or the accuser and the BOARD finds the accused AC member in violation of the CC&Rs, that accused AC member shall have 30 days from the date of that decision to bring his or her property into compliance or resign from the AC.