

BYLAWS

OF

**CARLSBAD SEAPOINTE RESORT OWNERS ASSOCIATION, INC.,
a California non-profit mutual benefit corporation**

ARTICLE I

Definitions

All terms (commencing with a capital letter) used in these Bylaws, unless stated otherwise, shall be as defined in that certain Declaration of Covenants, Conditions and Restrictions for Vacation Ownerships in Carlsbad Seapointe Resort recorded in the Office of the Recorder of San Diego County, San Diego California, on July 18, 1995, as Document No. 1995-0305021 of the Official Records of said County, and any amendments thereto (the "Declaration"). All of the terms and provisions of said Declaration are hereby incorporated herein by reference. The provisions of these Bylaws, which are binding upon all Members, are not exclusive, as Members shall also be subject to the terms and provisions of the Articles, the Declaration, and any Rules and Regulations.

ARTICLE II

Office

The principal office for the transaction of the business of the Association is hereby fixed and located within the Property, or as close thereto as practicable in San Diego County, California. The Board is hereby granted full power and authority to change said principal office from one location to another within said county.

ARTICLE III

Purpose

The Association has been formed for the purpose of exercising the powers and performing the duties of the Association set forth in the Declaration, these Bylaws, the Articles, and the Rules and Regulations.

ARTICLE IV

Membership

Section 1. Qualification for Membership. Each Owner of a Vacation Ownership (sometimes called herein simply an "Ownership"), including Declarant as to Declarant Ownerships, shall be a Member of the Association. Ownership of a Vacation Ownership shall be the sole qualification for Membership.

Section 2. Termination of Membership. Membership in the Association shall be automatically terminated upon a Member's selling and conveying or otherwise transferring his or her Vacation Ownership.

Section 3. Suspension of Membership Privileges. The rights and privileges of Membership in the Association, including the right to vote on Association matters, may be suspended if a Member is delinquent in the payment of Regular or Special Assessments or any other charges duly levied against that Member by the Association.

Section 4. Transfer of Membership. No Member shall attempt to sell, convey, hypothecate, encumber, or otherwise transfer less than all of his Ownership. Any attempt by a Member to sell, convey, hypothecate or encumber less than all of his Ownership shall be null, void, and of no effect. Any transfer of title to an Ownership shall operate automatically to transfer his or her Membership in the Association to his or her transferee.

Section 5. Right to Vote. Each Owner of an Annual Vacation Ownership shall have two (2) votes to use with respect to voting on Association matters. Each Owner of a Biennial Vacation Ownership shall have one (1) vote to use with respect to voting on Association matters.

Section 6. Voting in Common Ownership Situations. If a Vacation Ownership is owned by more than one Owner, each such Owner shall be a Member of the Association; provided, however, that for the purpose of voting on the Association matters, such Vacation Ownership shall be represented by and be entitled to only two (2) votes, if such Owners own an Annual Vacation Ownership, or only one (1) vote, if such Owners own a Biennial Vacation Ownership. No fractional voting among any such Owners shall be allowed.

Section 7. Common Owner Disputes. Only a whole number of votes per Vacation Ownership may be cast with respect to any Association matter. Both votes attributable to an Annual Vacation Ownership shall be voted as a unit, and a split vote shall not be allowed. In the event that common or joint Owners are unable to agree among themselves as to how their vote or votes shall be cast,

they shall lose their right to vote on the matter in question. If any Owner or Owners cast a vote or votes representing a particular Ownership, it will thereafter be conclusively presumed for all purposes that he or they were acting with the authority and consent of all other Owners of said Ownership.

Section 8. Classes of Membership. The Association shall have the following three (3) classes of voting Membership:

a. Class "A" Membership. Class "A" Members shall be all Annual Owners, except Declarant as to Declarant Annual Vacation Ownerships (until Declarant, as to such Ownerships, becomes a Class "A" Member pursuant to Subsection 8.c below). Each Class "A" Member, as to Association matters, shall be entitled to two (2) votes for each Annual Vacation Ownership owned; provided, however, that while an Annual Vacation Ownership may be owned by several Owners, and while all such Owners would be Members, multiple Owners of one (1) Annual Vacation Ownership shall have only two (2) votes, which votes shall be exercised in one block (this is, cast as two [2] votes for or against the matter at issue, and shall not be split), as these multiple Owners, among themselves, shall decide.

b. Class "B" Membership. Class "B" Members shall be all Biennial Owners, except Declarant as to Declarant Biennial Vacation Ownerships (until Declarant, as to such Ownerships, becomes a Class "B" Member pursuant to Subsection 8.c. below). Each Class "B" Member, as to Association matters, shall be entitled to one (1) vote for each Biennial Vacation Ownership owned; provided, however, that while a Biennial Vacation Ownership may be owned by several Owners, and while all such Owners would be Members, multiple Owners of one (1) Biennial Vacation Ownership shall have only one (1) vote, which collective vote shall be exercised as these multiple Owners, among themselves, shall decide.

c. Class "C" Membership. The Class "C" Member shall be the Declarant, who shall be entitled to two (2) votes for each Declarant Annual Vacation Ownership and to one (1) vote for each Declarant Biennial Vacation Ownership. Said Class "C" Membership shall cease and be automatically converted to Class "A" and/or Class "B" Membership, as appropriate, on the first of the following dates to occur: (1) on that date which is the second (2nd) anniversary of the recording date of the first conveyance (deed) of a Vacation Ownership in the most recent phase of the development (that is, in the case where the Declarant has imposed the Declaration on any portion of the Annexable Property), or (2) on that date which is the fourth (4th) anniversary of the recording of the first Original Deed of a Vacation Ownership in the first (present) phase of this development (that is, the phase encompassing the 78 Units to be constructed upon the Property described in Exhibit "A" to the Declaration).

At any point in time before the above conversion, Declarant shall be the Owner of Vacation Ownerships equal to the difference between the total number of Vacation Ownerships and the total number of then existing Vacation Ownerships conveyed by Declarant to third parties by Original Deeds (and not thereafter reacquired in any manner by Declarant), keeping in mind that Declarant shall be deemed to own Vacation Ownerships in each Nondesignated Unit as well as in each Designated Unit (the unsold Vacation Ownerships therein).

Section 9. Membership Certificates. In its discretion, the Board may, but need not, issue appropriate Membership certificates evidencing Membership in the Association.

Section 10. Members' Rights and Duties. Each Member shall have the rights, duties and obligations set forth in these Bylaws, the Articles, the Declaration, and the Rules and Regulations, as the same may be amended from time to time.

ARTICLE V

Meetings of Members

Section 1. Place of Meeting. All meetings of Members shall be held at a suitable location, to be determined by the Board, which is readily accessible at reasonable cost to the largest possible number of Members.

Section 2. Initial Organization Meeting, Annual Meetings, and Dates Thereof. An annual meeting of Members shall be scheduled and held not less frequently than once in each calendar year following the date of the initial organization meeting as provided for below. The initial organization meeting of Members shall be held not later than one (1) year after recordation of the Original Deed evidencing the initial completed sale and conveyance by the Declarant of a Vacation Ownership. At the organization meeting, and at all subsequent annual meetings, the Members shall elect by written ballot a Board of Directors in accordance with the requirements of these Bylaws. Subject to the limitation of Section 8 below, the Members may also transact such other business of the Association as may properly come before them at such initial organization and annual meetings. The date of the initial organization meeting and each subsequent annual meeting shall be as established by the Board.

Section 3. Special Meetings. Special meetings of Members, for any purpose or purposes whatsoever, shall be promptly called by the vote of a majority of the Board: (i) upon request by the President of the Association or any other member of its Board of Directors; or (ii) upon receipt by the Board of a written request for such a meeting signed by Members representing at least five

percent (5%) of the voting power of all Members excluding Declarant. The date of each special meeting shall be established by the Board.

Section 4. Required Notices. Written notice of each annual or special meeting shall be given to each Member by the Secretary, and in the case of the initial organization meeting only, by the Declarant, in the manner hereinafter provided. All such notices of any meeting shall be sent to each Member not less than 30 days nor more than 60 days before the scheduled date of such meeting, and shall specify the place, the day and the hour of such meeting and shall contain a list of the items of business which are to be considered at such meeting and the order in which they are to be considered. The notice of any meeting at which directors are to be elected shall include the names, addresses and brief biographical sketches of those who are nominees for such directorships at the time the notice is sent to Members. The Managing Agent may prepare and give the foregoing notices on behalf of any of the foregoing officers.

Section 5. Manner of Giving Notice. Written notice of any meeting of the Members shall be given either personally or by U. S. mail, telegraphic or other written communication, charges prepaid, addressed to each Member at his or her most recent address shown on the records of the Association. If no address appears on the Association's books and no other has been given, notice shall be deemed to have been given when notice is posted in a prominent place at the Project. Notice shall be deemed to have been given at the time when delivered personally or when deposited in the mail or when sent by telegram or by other means of written communication. An affidavit of the mailing or other means of giving any notice of any Members' meeting may be executed by the Secretary, Assistant Secretary, or any other authorized agent of the Board giving the notice, and if so executed, shall be filed and maintained in the minute book of the Association.

Section 6. Notices of Adjourned Meetings. If any meeting of Members, initial organization, annual or special, is adjourned, as provided for below, for 30 days or more, notice of the reconvening of the adjourned meeting shall be given as in the case of the original meeting so adjourned. Except as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting.

Section 7. Quorum and Vote Required.

a. Where Class "C" Membership Has Not Yet Been Converted to Class "A" and/or Class "B" Membership. Where Class "C" Membership has not yet been converted to Class "A" and/or Class "B" Membership pursuant to Article IV, Section 6, hereof, the presence, either in person or by proxy (or a combination thereof) at any

meeting of Members of both (i) the Declarant, and (ii) Members entitled to cast at least 15 percent of the total votes in the Association then residing in Members other than Declarant, shall constitute a quorum for any action before the Association, unless a different requirement is imposed by these Bylaws, the Articles, or the Declaration; and the vote or written ballot cast in favor of, or against, the issue of Association business in question, as the case may be, at such meeting of both (i) the Declarant, and (ii) a majority of the other (Class "A" and Class "B") votes present thereat, in person and/or by proxy, shall constitute approval or disapproval, as the case may be, of the proposal or matter at issue, except where a greater portion of the voting power is required by these Bylaws, the Articles, or the Declaration.

b. Where Class "C" Membership Has Been Converted to Class "A" and/or Class "B" Membership. Where Class "C" Membership has been converted to Class "A" or Class "B" Membership pursuant to Article IV, Section 6 hereof, the presence, either in person or by proxy (or a combination thereof) of Members at any meeting of Members entitled to cast (i) at least 15 percent of the total votes in the Association, and (ii) at least 15 percent of the total votes then residing in Members other than Declarant, shall constitute a quorum for any action before the Association unless a different requirement is imposed by these Bylaws, the Articles, or the Declaration; and the vote or written ballot cast in favor of, or against, the issue of Association business in question, as the case may be, at such meeting of Members present, in person and/or by proxy, of both (i) a majority of the total votes in the Association then present in person and/or by proxy, and (ii) a majority of the total votes held by Members other than Declarant then present in person and/or by proxy, shall constitute approval or disapproval, as the case may be, of the proposal or matter at issue, except where a greater portion of the voting power is required by these Bylaws, the Articles, or the Declaration.

c. Special Circumstances - Action to Enforce Obligation of Sponsor. Notwithstanding anything to the contrary in the provisions of Subsection 7.a and 7.b above, which specify the general quorum and voting requirements for Members, these quorum and voting requirements shall not apply to any special actions by the Members to enforce an obligation required to be performed by the Declarant by the California Business and Professions Code or the Regulations of the California Real Estate Commissioner, upon which actions Declarant shall not be entitled to vote.

d. Meeting and Quorum Required. Except as otherwise provided for in these Bylaws, any action required or permitted to be taken by the Members may be taken only at a duly called and properly noticed initial organization, annual or special meeting at which a quorum is present. At a meeting in which a quorum is absent as above prescribed, no business shall be conducted at such

meeting, and the presiding officer shall adjourn the meeting sine die (without setting a time of another meeting).

e. Optional Adjournment. Any meeting of Members, organization, annual or special, at which a quorum is present, may be adjourned from time to time by the affirmative vote or written assent of a majority of said quorum.

f. Each Member to Vote. Each Member shall make his, her, or its best efforts, whether in person or by proxy, to attend each Association Member meeting and to vote on each Association matter of business.

Section 8. Limitation on Matters Which Can Be Voted Upon. If less than one-third of the total votes in the Association then held by Members other than Declarant, but at least a quorum, is in attendance at any Members' meeting, in person and/or by proxy, only those matters of business, the general nature of which had been given in the notice of said meeting, may be voted upon by those Members. If, however, at least one-third of the total votes in the Association then held by Members other than Declarant, is in attendance, new matters of business may be initially raised at such meeting and be voted upon.

Section 9. Notice Substitutes. The transactions at any meeting of Members, either initial organization, annual or special, however called and noticed, shall be as valid as though done 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, but not present in person or by proxy, signs a written waiver of notice or a consent to the holding of such meeting or an approval of the minutes thereof. The waiver of notice or consent must state the nature of the business transacted at the meeting. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 10. Waiver by Attendance. Attendance by any Member at a meeting shall also constitute his or her waiver of notice of that meeting, except when any such Member objects at the beginning of the meeting to the transaction of any contemplated business due to the inadequacy or illegality of the notice; provided, however, attendance at such a meeting is not a waiver of any right to object to the consideration of matters not included in the notice of the meeting, if that objection is expressly made at the meeting.

Section 11. Action Taken without a Meeting. Any action, other than the election of Directors, that may be taken at the organization or any regular or special meeting of Members may be taken without a meeting if the following requirements are satisfied.

a. A written ballot is distributed to every Member entitled to vote, which ballot sets forth the proposed action(s), provides an opportunity for the Member to specify approval or disapproval of such proposal(s), and further, provides the time within which the Member must return the ballot to the Association, which time shall be not less than 15 days from the date that the written ballot is distributed to the Members.

b. The number of votes cast by ballot within the specified time period equals or exceeds the quorum required to be present at a meeting which would otherwise be called to transact the matters proposed.

c. The number of approvals on the ballots approving a particular proposal equals or exceeds the number of affirmative votes or written assents which would be required to approve such action at a meeting which would otherwise be called to transact the matter proposed.

d. The written ballots distributed to Members of the Association afford an opportunity for each Member to specify a choice between approval and disapproval of each order of business proposed to be acted upon by the Association, and further, provides that the votes of each Ownership shall be cast in accordance with the choice specified.

e. The ballots are solicited in a manner consistent with the requirements of Section 4 above (Required Notice). All such solicitations shall indicate the number of responses needed to meet the quorum requirement and shall state the percentage of approvals necessary to pass the measure submitted. The solicitation must specify the time by which the ballot must be received in order to be counted. Written ballots used hereunder may not be revoked.

Section 12. Record Date. The Board may fix a date in the future as a record date for the determination of the Members entitled to notice of and to vote at any meeting of Members. The record date so fixed shall not be more than 60 days prior to any meeting of Members. When a record date is so fixed, only Members of record on that date shall be entitled to notice of and to vote at the meeting, notwithstanding any transfer of or issuance of Membership certificates on the books of the Association after the record date.

If no record date is fixed in accordance with the provisions of the preceding paragraph, the record date for determining those Members entitled to receive notice of and to vote at a meeting of Members shall be the most recent business day preceding the day on which notice is given, or, if notice is waived, the most recent business day preceding the day on which the meeting is held. The record date for determining those Members entitled to vote by

ballot on Association matters without a meeting, when no prior action by the Board has been taken, shall be the day on which the first written consent is given. When prior action of the Board has been taken, it shall be the day on which the Board adopts the resolution relating to that action. For purposes of this section, a person holding Membership as of the close of business on the record date shall be deemed the Member of record.

Section 13. Special Proxies. A form of proxy may be distributed by the Board to each Member to afford him or her the opportunity to vote in absentia at a Member Meeting. Each such proxy form shall meet the requirement for a written ballot set forth in Section 11.d above and shall include the name or names of Members who expect to be in attendance in person at the meeting to whom the proxy is to be given for the purpose of casting the absent Member's vote(s) as specified in the form of proxy.

ARTICLE VI

Directors

Section 1. Number. The affairs of the Association shall be managed by a Board of five (5) directors.

Section 2. Appointment of Initial Directors. The first Board of Directors shall consist of five (5) directors appointed by Declarant. These directors shall hold office until their respective successors are elected by the Members at the initial organization meeting of Members.

Section 3. Election of Subsequent Directors. At the initial organization meeting of Members (referred to in Section 2 of Article V of these Bylaws) the Members shall elect five (5) directors to replace the initial Board, three (3) of whom shall hold office for three (3) years; and two (2) of whom shall hold office for two (2) years. At each annual meeting of the Members thereafter, the Members shall elect a new director to fill each vacancy created by the expiration of a prior director's term of office; each such new director shall serve for a term of two (2) years or until the later election of his or her successor. Notwithstanding anything in the foregoing to the contrary, at the organization meeting and at each annual meeting of Members thereafter, the Association is to insure that at any point in time at least one (1) director on the Board has been elected solely by the votes of Members other than Declarant. To accomplish this, the following special procedures shall be followed:

a. Notice of the meeting at which directors are to be elected shall set forth the number of directors to be elected by Members other than Declarant and shall call for nominations.

Nominations shall be made as set forth in Section 5 of this Article VI.

b. Members, other than Declarant, shall elect the director or directors specified in the notice of the meeting, at which meeting the election is to be held using written ballots; and the remaining director(s) to be elected shall then be elected pursuant to the regular election procedures established in these Bylaws.

Section 4. Election Procedure. The Board may appoint an Election Monitor. At least 95 days before the date of each election of directors, the Election Monitor shall nominate and compile a list of qualified persons who would be interested in becoming directors, and the Secretary of the Association shall forward to each Member a copy of this list of nominees along with the required notice of meeting provided for elsewhere in these Bylaws. In addition, Members may nominate candidates for directorships at any time before the 50th day preceding such election. On timely receipt of such nominations, the Secretary shall cause the names of the candidates so named to be placed on the ballot along with those candidates named by the Election Monitor. Furthermore, at the meeting to elect directors, any Member present at the meeting, in person or by proxy, may place names in nomination.

Section 5. Cumulative Voting. Every Member entitled to vote for any election of directors shall have the right to cumulate his or her votes and give one (1) candidate a number of votes equal to the number of directors to be elected, multiplied by the number of votes to which he or she is entitled, or to distribute his or her votes on the same principle among as many candidates as he or she shall think fit. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected.

Section 6. Removal of Directors. The entire Board or any individual director may be removed from office, with or without cause, at any duly called, noticed and held annual or special meeting of the Members, at which a quorum is present; provided, however, that unless the entire Board is removed from office by the vote of the Members of the Association, no individual director shall be removed prior to the expiration of his or her term of office, if the votes cast against removal or not consenting in writing to such removal would be sufficient to elect the director if voted cumulatively at an election at which the same number of votes were cast and the entire number of directors authorized at the time of the most recent election of the director were then being elected. Notwithstanding anything to the contrary above, a director who has been elected to office solely by the votes of Members other than Declarant may be removed from office prior to the expiration of his or her time of office only by the vote of at

least a majority of the total votes residing in Members other than Declarant.

Section 7. Vacancies. A vacancy or vacancies shall be deemed to exist in case of the death, incapacity, resignation or removal of any director, or if the Members shall increase the authorized number of directors but shall fail at the meeting at which such increase is authorized or any adjournment thereof to elect the additional directors so provided for, or in case the Members fail at any time to elect the full number of authorized directors. Vacancies on the Board, except for a vacancy created by the removal of a director, may be filled by a vote of a majority of the remaining directors, though less than a quorum, or by a sole remaining director, and each director so elected shall hold office until his or her successor is elected at an annual meeting of Members, or at a special meeting called for that purpose. The Board shall be prohibited from filling a vacancy created by the removal of a director or directors; and a vacancy or vacancies created by removal of a director or directors shall be filled only at a duly called, noticed and held annual or special meeting of Members at which a quorum is present. In addition, the Members may at any time elect directors to fill any vacancy not filled by the directors, and may, if they desire, elect the additional directors at the meeting at which an amendment of these Bylaws is voted authorizing an increase in the number of directors.

If any director tenders his or her resignation to the Board, the Board shall have power to elect a successor to take office at such time as the resignation shall become effective. No reduction of the number of directors shall have the effect of removing any director prior to the expiration of his term of office.

Section 8. Place of Meeting. All meetings of the Board shall be held in one of the Units upon the Project, if vacant, unless a meeting at another location would significantly reduce the cost to the Association and/or the inconvenience to the directors.

Section 9. Organization Meetings of the Board. Immediately following the initial organization meeting of Members and immediately following each annual meeting of the Members, the Board shall hold a regular meeting at the same place as the Members meeting for the purpose of election of officers, and the transaction of other business. Notice of each such meeting is hereby dispensed with.

Section 10. Other Regular Meetings. Other regular meetings of the Board shall be held at such times and places as may be fixed by prior resolution of the Board, but in any event a regular meeting shall be held at least once every three (3) months.

Section 11. Special Meetings. Special meetings of the Board for any purpose or purposes may be called by written notice at any time by the President (or if he or she is absent or unable or refuses to act, by any Vice President) or by any two (2) directors.

Section 12. Notice of Meetings. Written notice stating the time and place of any meeting of directors (except an organization meeting), and specifying the nature of the special business to be considered at any special meeting, shall be either delivered personally to the directors or sent to each director by letter or by telegram, postage or charges prepaid, addressed to him or her at his or her most recent address as shown on the records of the Association, at least 30 days prior to the scheduled date of any regular meeting and at least 15 days prior to the scheduled date of any special meeting. Such mailing, telegraphing or delivery as provided herein shall be deemed due, legal and personal notice to each such director.

Section 13. Meetings by Telephone. Any meeting of the Board, regular or special, may be held by conference telephone or similar communication equipment, and any member of the Board may participate by conference telephone or similar communications equipment in such a meeting, so long as all directors participating in the meeting can hear one another; and all such directors shall be deemed to be present in person at such meeting.

Section 14. Validation of Meetings Not Properly Called and Noticed. 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 the quorum, established in Section 16 below, is present, and, if, 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. The vote required at any such meeting shall be the same as required by Section 16 below. All waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

Section 15. Quorum and Vote Requirement. A majority of the total number of authorized directors shall constitute a quorum thereof. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present, in person, by proxy, or by telephone, shall be regarded as the act of the Board, unless the provisions of these Bylaws, the Articles, or the Declaration shall require or permit the particular action involved to be taken by the Board under other circumstances.

Section 16. Adjournment. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting of the Board to another time and place. If a Board meeting

is adjourned for more than 24 hours, notice of any adjournment to another time and place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

Section 17. Action Without Meeting. Any action required or permitted to be taken by the Board by law, by the Articles, these Bylaws, or the Declaration may be taken without a meeting, if all directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board and shall have the same force and effect as a unanimous vote of such directors.

Section 18. Compensation. No director of the Association shall receive any salary or other compensation for services rendered as a director or officer of the Association. Directors, however, shall be reimbursed for any transportation expenses and reasonable per diem payments incurred in connection with attendance at any directors' meeting and for any other expenses incurred in connection with the business of the Association and authorized by the Board. Further, nothing herein shall preclude any director or officer from serving the Association as agent or counsel, or in any other capacity other than as such director or officer and receiving compensation therefor as authorized and approved by the Board. Any director or officer receiving any special compensation for services in such other capacity shall be excluded from deliberations and voting by the Board relative to the authorization thereof and fixing compensation with regard thereto.

Section 19. Presiding Officer. The President of the Association, who shall be a Member of the Board, shall preside at all meetings of the Board.

Section 20. Committees. The Board shall have the power to appoint such committees as the Board may desire. Each committee shall be composed of at least one (1) director, and it shall keep regular written minutes of the proceedings and report the same to the Board.

Section 21. Powers and Duties. Subject to the limitations of the Articles, these Bylaws, the Declaration, and the California Nonprofit Mutual Benefit Corporation Law as to action required to be taken, authorized or approved by the Members of the Association, all Association powers and duties including those set forth in the Declaration shall be exercised by, or under the authority of the Board, and the business and affairs of the Association shall be controlled by the Board.

Section 22. Attendance at Board Meetings by Members. Regular and special Board meetings shall be open to all Members; provided, however, no Member who is not a director shall participate in any

deliberation or discussion unless expressly authorized by a majority of a quorum of the Board. The Board may, upon the vote of a majority of the Board's quorum, adjourn a Board meeting and reconvene in executive session, exclusive of all Members who are not directors, to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and other similar matters requiring confidentiality. The nature of any and all business to be so considered in executive session shall first be announced in open session.

Section 23. Minutes of Meetings. The Board shall cause minutes to be taken and kept of each Board meeting or any action taken by the Board without a meeting. A copy of all such minutes shall be distributed to all Members within 60 days following the meeting or action taken.

ARTICLE VII

Officers

Section 1. Enumeration of Officers. The officers of the Association shall be a President, Vice President, a Secretary, a Treasurer (Chief Financial Officer), and such other officers as the Board may deem necessary. Any person may hold more than one office, provided that neither the Secretary nor the Treasurer may serve concurrently as the President. All officers shall be Members of the Board.

Section 2. Subordinate Officers. The Board may appoint, and may authorize the President or another officer to appoint, any other officer(s), as the business of the Association may require, each of whom shall have such title, hold office for such period, have such authority, and perform such duties as are specified in these Bylaws or as are determined from time to time by the Board.

Section 3. Election. The officers of the Association, except such officers as may be appointed in accordance with the provisions of the Sections entitled "Subordinate Officers" and "Vacancies" of this Article, shall be elected annually by the Board; and each shall hold office until he or she shall resign or shall be removed or otherwise be disqualified to serve, or until his or her successor shall be elected and qualified.

Section 4. Removal and Resignation. Any officer may be removed, either with or without cause, by the vote of the Board at any meeting at which a quorum is present.

Any officer may resign at any time by giving written notice to the Board or to the President or to the Secretary of the Association. Any such resignation shall take effect as of the date of the receipt of such notice or at any later time specified

therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Vacancies. A vacancy in any office because of death, incapacity, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws for regular election or appointment to such office.

Section 6. President. The President shall be the chief executive officer of the Association and shall, subject to the control of the Board, have supervision, direction and control of the business and affairs of the Association. He or she shall preside at all meetings of the Members and at all meetings of the Board. He or she shall be an ex-officio Member of all standing committees, if any, and shall have the general powers and duties of management usually vested in the office of the president of a California nonprofit mutual benefit corporation, and shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

Section 7. Vice President. In the absence or disability of the President, the Vice President shall perform all the duties of the President, and when so acting shall have all powers of, and be subject to all the restrictions upon, the President. The Vice President shall have such other powers and perform such other duties as from time to time may be prescribed for him or her by the Board or by these Bylaws.

Section 8. Secretary. The Secretary shall keep or cause to be kept, a book of minutes at the principal office of the Association or at such other place as the Board may order, of all meetings of directors and Members, with the time and place of holding such meeting, whether regular or special, and if special, how authorized, the notice thereof given, the names of those persons present at the directors' meetings, the number of Members present or represented at Members' meetings, and the proceedings thereof, and of any action taken by directors or Members without a meeting.

The Secretary shall give, or cause to be given, notice of all the meetings of the Members and of the Board required by the Bylaws or by law to be given, except that notice of the initial organizational meeting may be given by the Declarant, and he or she shall keep the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

The Secretary shall keep, or cause to be kept, at the principal office a Membership register showing the following information: (i) the names and addresses of all members of the

Board; and (ii) the names and addresses of each Member of the Association.

Section 9. Treasurer. The Treasurer (Chief Financial Officer) shall keep and maintain, or cause to be kept or maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, and surplus. The books of account shall at all times be open to inspection by any director or any Member. The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board (so long as in compliance with the provisions of the Declaration). He or she shall disburse the funds of the Association as may be ordered by the Board, shall render to the President and directors, whenever they request it, an account of all of his or her transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws. The Board may delegate the performance of the foregoing duties, subject to supervision by the Treasurer, to the Managing Agent retained by the Association.

ARTICLE VIII

Indemnification of Directors, Officers, Employees and Other Agents

Section 1. Intention. It is the intention of the Association that, to the fullest extent permitted by law, neither the Board, any director, any officer, any committee member, nor any other agent or employee of the Association (collectively called an "Agent") shall be liable to any Member of the Association, to the Association hereunder, or to any other third party for any damage, loss, or prejudice suffered or claimed on account of any decision, approval, disapproval, course of action, act, omission to act, error or the like, done by said Agent(s), so long as the Board first determines that such Agent was acting (i) in good faith; (ii) within what he or she reasonably believed was the scope of his or her employment or authority; and (iii) for a purpose which he or she reasonably believed was in the best interests of the Association and its Members.

Section 2. Indemnification. To fulfill the intention stated in Section 1 above, the Association shall indemnify any Agent who was, is, or is threatened to be made, a party to any civil, administrative, investigative, criminal or other type of legal action or proceeding (collectively called a "Proceeding") against, and hold him or her harmless from, and reimburse him or her for, all liability and expense actually and reasonably incurred by such Agent in connection with or arising out of such Proceeding,

including, without limitation, the amount of any judgment or fine rendered or levied against him or her and any reasonable attorneys' fees and costs incurred, so long as the Board first establishes that criteria (i), (ii), and (iii) under Section 1 above have been satisfied. Reimbursement shall include amounts paid and expenses incurred in settling any such Proceeding. This provision shall be construed to provide for such indemnification to the fullest extent permitted by the provisions of applicable laws.

Section 3. Insurance. Notwithstanding anything else in this Article to the contrary, the Board may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any Agent of the Association against any liability asserted against or incurred by such Agent in such capacity or arising out of the Agent's status as such, whether or not this Association would have the power to indemnify such Agent against that liability under the provisions of this Article.

ARTICLE IX

Miscellaneous

Section 1. Checks and Drafts. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such person or persons in such manner as, from time to time, shall be determined by resolution of the Board.

Section 2. Contracts and Other Instruments; How Executed. The Board, except as otherwise provided in the Declaration or these Bylaws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Association by a contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

Section 3. Rights Regarding Inspection and Copying of Association Books and Records.

a. Records. The Association's: (i) Membership register containing the names of all Members and their mailing addresses and telephone numbers; (ii) books of account; (iii) minutes of meetings of the Members, the Board, and of any committees of the Board; and (iv) any other records maintained by the Association relating to the Project, shall be made available for inspection and copying by any Member or his duly appointed representative at any reasonable

time for a purpose reasonably related to his interest as a Member, subject to the conditions contained in this Section 3.

b. Place of Inspection; Limitations and Conditions. The foregoing records shall be made available for inspection at the office(s) where they are maintained, and the Board shall establish reasonable rules with respect to: (i) notice to be given to custodian of the records by the Member desiring to make the inspection or obtain copies; (ii) hours and days of the week when a personal inspection may be made; and (iii) payment of the cost of reproducing copies of records requested by a Member. Upon receipt of an authenticated written request from a Member, along with any fee prescribed by the Board to defray the costs of reproduction, the custodian of the records shall prepare and transmit to such Member a copy of any and all records so requested. The Board shall, as a condition to permitting any Member or any director to inspect the Membership register, or to its furnishing information from the register, require that the Member or director agree in writing not to use, or allow the use of, information from the Membership register for commercial or other purposes not reasonably related to the regular business of the Association and the Member's interest as a Member, or the director's interest as a director, of the Association.

c. Director's Rights. Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and all physical properties owned or controlled by the Association. This right of inspection by a director shall include, without limitation, the right to make extracts and copies of documents. A director, however, shall, in no event, use the Association's records for any commercial or other purposes not reasonably related to the regular business of the Association or to the director's interest as a director of the Association, and with respect to Membership register, shall sign the statement required by Subparagraph b above.

Section 4. Dissemination of Financial Information to Members. The Board shall cause to be prepared and distributed to Members (i) the pro forma operating statement (the "Budget") of the Association, and (ii) the annual report of the financial condition of the Association, in accordance with the provisions therefor contained in the Declaration.

ARTICLE X

Amendments, Conflicts

Section 1. Amendments to Bylaws. These Bylaws may be amended from time to time by vote or written assent of Members, in person and/or by proxy, at any duly called, notice and held regular or special meeting of the Members as follows:

a. Where Class "C" Membership Has Not Yet Been Converted to Class "A" and/or Class "B" Membership. Where Class "C" Membership has not been converted to Class "A" and/or Class "B" Membership, any amendment to these Bylaws shall require the vote or written assent of both (i) the Declarant, and (ii) at least 25 percent of the total votes held by Members excluding votes held by Declarant.

b. Where Class "C" Membership Has Been Converted to Class "A" and/or Class "B" Membership. Where Class "B" Membership has been converted to Class "A" or Class "B" Membership, and the Declarant has become a Class "A" and/or Class "B" Member (pursuant to Subsection a. to Section 8 of Article IV above), any amendment to these Bylaws shall require the vote or written assent of Members holding both (i) at least 25 percent of the total votes in the Association, and (ii) at least 25 percent of the total votes held by Members excluding votes held by Declarant.

c. Exceptions. Notwithstanding anything in the foregoing Subsections a. and b. to the contrary, the percentage of the voting power of the Association necessary hereunder to amend a specific clause or provision of these Bylaws shall not be less than any specified percentage of affirmative votes or written assents required for any action to be taken under that clause or provision.

Further notwithstanding any other provision in these Bylaws, until the closing of the first escrow for the sale of a Vacation Ownership, Declarant shall have the absolute and unilateral right to terminate or amend these Bylaws, so long as such act is in compliance with requirements of the California Department of Real Estate and California Business and Professions Code Section 11012.

Section 2. Amendments to be Maintained in Minute Book. All amendments to the Articles, these Bylaws, or the Declaration shall be kept by the Secretary with the other records and books of the Association.

Section 3. Conflicts. In the event of any inconsistency between these Bylaws and the Articles, the Articles shall control; and in the event of any inconsistency between these Bylaws and/or the Articles and the Declaration, the Declaration shall control.

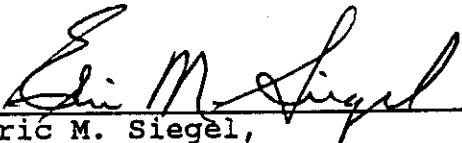
CERTIFICATE OF INCORPORATOR

I, the undersigned, do hereby certify:

1. That I am the incorporator of the CARLSBAD SEAPOINTE RESORT OWNERS ASSOCIATION, INC., a California nonprofit mutual benefit corporation; and

2. That the foregoing Bylaws, comprised of 20 pages including this page, constitute the original Bylaws of said corporation as duly adopted by the incorporator on August 7, 1995.

IN WITNESS WHEREOF, I have hereunto subscribed my name on August 7, 1995.


Eric M. Siegel,
Incorporator

