

# UNITED HOUSING CORPORATION, INC.

## ELECTION RULES AND MEETING TIMELINE

### INTRODUCTION

United Housing Corporation, Inc. (hereafter referred to as the 'Association') has adopted the following election rules as required by California law. These rules replace older election rules, and are intended to apply to voting on those matters referenced in Civil Code Sec. 5100(a)(1) and such other votes as the Board determines should be conducted by secret ballot. To the extent these rules conflict with provisions of the Bylaws and/or CC&Rs, because these Rules restate applicable law, they take precedence over contrary provisions in the Bylaws and/or CC&Rs despite Civil Code Sec. 4205.

These Rules have been designed for annual use by simply inserting dates as indicated to help with the election time-line. Insertions of dates are not substantive changes and should not be construed as a "rule change" requiring notice pursuant to Civil Code Sec. 4360.

### ELECTION RULES AND TIMELINE

#### 1. 20\_\_\_\_ ANNUAL MEETING

The 20\_\_\_\_ annual meeting date for tabulating ballots, and the voting deadline, is currently scheduled for \_\_\_\_\_, 20\_\_\_\_. This scheduled date is preliminary and may be subject to change. If there are changes, notice will be provided. Furthermore, since all dates are generally contingent on this annual meeting date, all dates herein are approximate and subject to change.

#### 2. NOMINATION PROCEDURES; NOTICE AND CANDIDATE QUALIFICATION

##### 2.1 Nomination Procedures and Deadline

Section 6.10.1.1 of the Bylaws authorizes any member to nominate a candidate for election to the Board. In addition, nominations may be submitted in writing to the management agent. Except for nominations from the floor, nominations must be received by \_\_\_\_\_, 20\_\_\_\_ [75 days before annual meeting date] in order to be included on the candidate registration list and ballot.

##### 2.2 Notice of Nomination Procedures

At least 30 days before nominations are due [105 days before annual meeting date], the Association will give General Notice of the procedure and deadline for submitting a nomination.

Individual Notice will be given to owners who have requested it. A completed copy of these Rules may be used as notice [Civil Code §5115(a)].

### 2.3 Candidate Qualifications

Notwithstanding other qualifications for nomination to the Board, and as required under Civil Code Sec. 5105, the Association shall disqualify a person from a nomination as a candidate for not being a member of the Association at the time of the nomination. If title to a separate interest parcel is held by a legal entity that is not a natural person, the governing authority of that legal entity shall have the power to appoint a natural person to be a member for purposes of this Rule.

As allowed under Civil Code Sec. 5105, and notwithstanding provisions to the contrary in the Bylaws or CC&Rs, the Association may also disqualify a person from nomination as a candidate pursuant to any of the following:

(1) A nominee for a Board seat, and a director during their Board tenure, must be current in the payment of regular and special assessments. The Association may disqualify a person from nomination for nonpayment of regular and special assessments, but may not disqualify a nominee for nonpayment of fines, fines renamed as assessments, collection charges, late charges, or costs levied by a third party. The person shall not be disqualified for failure to be current in payment of regular and special assessments if either of the following circumstances is true:

(i) The person has paid the regular or special assessment under protest pursuant to Civil Code Sec. 5658.

(ii) The person has entered into a payment plan pursuant to Civil Code Sec. 5665.

(2) A person may be disqualified if the person, if elected, would be serving on the Board at the same time as another person who holds a joint ownership interest in the same separate interest parcel as the person and the other person is either properly nominated for the current election or an incumbent director.

(3) A person may be disqualified if he/she/it has been a member of the Association for less than one year.

(4) A person may be disqualified if that person discloses, or if the Association is aware or becomes aware of, a past criminal conviction that would, if the person was elected, either prevent the Association from purchasing the fidelity bond coverage required by Civil Code Sec. 5806 or terminate the Association's existing fidelity bond coverage.

The Association shall not disqualify a person from nomination if the person has not been provided the opportunity to engage in internal dispute resolution pursuant to Civil Code Sec. 5900 et seq.



### 3. INSPECTOR OF ELECTIONS

On \_\_\_\_\_, 20\_\_\_\_\_ [75 days before the annual meeting], the Association will appoint 1 or 3 independent third parties to serve as inspector(s) of election [Civil Code §5110].

Persons who qualify as inspector(s): an independent third party inspector includes, but is not limited to, (a) a volunteer poll worker with the County registrar of voters, (b) a licensee of the California Board of Accountancy, (c) a notary public, (d) a member of the Association, provided such member is not a director, candidate, or related to a director or candidate, or (e) a person or company not already employed by or under contract with the Association.

Persons who do not qualify as inspector(s): any person or company already employed by or under contract with the Association for compensable services is disqualified from serving as an inspector(s) of elections. A person or company is not disqualified from serving as an inspector(s) of elections merely by virtue of being compensated for such inspector service.

The inspector or inspectors may appoint and oversee additional persons to verify signatures and to count and tabulate votes as the inspector or inspectors deem appropriate, provided that the persons are independent third parties meeting the qualifications for inspector(s).

Inspector(s) shall have the duties listed in Civil Code §5110(c). The inspector(s) may delegate inconsequential non-substantive duties, such as receiving ballots, to third parties who do not qualify to serve as inspector(s) of election.

### 4. ASSOCIATION ELECTION NOTICE

On \_\_\_\_\_, 20\_\_\_\_\_ [35 days before ballot mailing; 65 days before the annual meeting], the Association shall provide General Notice to the membership of the following:

(1) The date, time and physical address where ballots are to be returned, whether by mail or hand delivery.

(2) The date, time, and location of the ballot counting meeting.

(3) A list of all candidates' names that will appear on the ballot as known by the Association at the time notice is provided.

If Individual Delivery is requested by a member, the Association shall give the above information by Individual Delivery [Civil Code §5115(b)].

## **5. CANDIDATE REGISTRATION LIST; VOTER LIST; OWNER VERIFICATION PERIOD**

As part of the Association Election Materials, the Association shall create and maintain (a) a candidate registration list, and (b) a voter list.

The voter list shall include the voter name, his/her/its voting power, the physical address and/or the parcel number, and the ballot mailing address, if different from the physical address or if only the parcel number is used on the voter list.

On or before \_\_\_\_\_, 20\_\_\_\_\_ [at least 30 days before ballot mailing; 60 days before the annual meeting], the Association shall permit members to verify the accuracy of their individual information on both lists. The Association or member shall report any errors or omissions on either list to the inspector(s) of election not less than five days prior to ballot mailing; \_\_\_\_\_, 20\_\_\_\_. The accuracy of the individual information on both lists will be conclusively presumed in the absence of a report of any errors or omissions by the deadline date. Upon receipt of a report of an error or omission, the inspector(s) shall make the corrections within two business days [Civil Code §5105(a)(7)].

## **6. ASSOCIATION MAILING; ENTITLEMENT TO BALLOT**

On \_\_\_\_\_, 20\_\_\_\_\_ [at least 30 days before annual meeting], the Association shall mail, or cause to be mailed, an election voting packet, consisting of ballots, two pre-addressed envelopes and ballot return instructions to every member [Civil Code §5115(c)]. This mailing can be coordinated with the Election Inspector(s) mailing in Rule 7.

As required under Civil Code Sec. 5105(g), and notwithstanding any provision in the CC&Rs or Bylaws, the Association may not deny a ballot to any member for any reason other than not being a member at the time when ballots are distributed. Further, the Association may not deny a ballot to a person with a general power of attorney for a member, and must count any ballot received from the person with a general power of attorney if received in a timely manner.

## **7. ELECTION INSPECTOR(S) MAILING**

On \_\_\_\_\_, 20\_\_\_\_\_ [at least 30 days before annual meeting], the inspector(s) of election shall mail, or cause to be mailed, by individual delivery, the ballot or ballots and the election operating rules. The election operating rules can be posted on an internet website [Civil Code §5105(g)(4)]. The ballot mailing can be coordinated with the Association's mailing in Rule 6.

## **8. ACCESS TO ASSOCIATION MEDIA**

If any candidate or member advocating a point of view is provided access to Association media, newsletters, or internet websites during a campaign, for purposes that are reasonably related to that election, equal access shall be provided to all candidates and members advocating a point of view, including those not endorsed by the Board, for purposes that are reasonably



related to the election. The Association shall not edit or redact any content from these communications, but may include a statement specifying that the candidate or member, and not the Association, is responsible for that content [Civil Code §5105(a)(1)].

#### **9. ACCESS TO COMMON AREA MEETING SPACE**

If there are any common area meeting spaces, such space(s) may be used by (a) each candidate during a campaign, at no cost, including those who are not incumbents, and (b) all members advocating a point of view, including those not endorsed by the Board, for purposes reasonably related to the election. Such use shall be by reservation communicated in writing to the Association, on a first-come-first-served basis [Civil Code §5105(a)(2)].

#### **10. VOTING POWER, PROXIES AND VOTING PERIOD**

Each owner shall have one vote on each matter submitted for voting. Each vacancy shall count as a separate "vote." For example, if there are three vacancies for election to the Board, each owner shall have three votes. Section 5.3.2 of the Bylaws allows cumulative voting, where more than one vote may be cast for any candidate. However, in the event the Bylaws are amended to withdraw cumulative voting rights, cumulative voting will not be allowed. Proxies, which are allowed by Section 5.4 of the Bylaws, must comply with California law. The voting period shall be as outlined in these Rules [Civil Code §5105(a)(4)].

#### **11. ELECTION RESULTS**

The tabulated results of the election shall be reported to the Board, recorded in the minutes of the next meeting, and available for review by members of the Association. Within fifteen (15) days of the election, the Board shall give general notice of the tabulated results of the election.

#### **12. CUSTODY OF ELECTION MATERIAL**

The sealed ballots, signed voter envelopes, voter list, proxies, and candidate registration list shall at all times be in the custody of the inspector(s) of elections or at a location designated by the inspector(s) until after the tabulation of the vote, and until the time allowed by Civil Code Sec. 5145 for challenging the election has expired, at which time custody shall be transferred to the Association [Civil Code §5125].

#### **13. CHALLENGE OR RECOUNT**

If there is a recount or other challenge to the election process, the inspector(s) of elections shall, upon written request, make the ballots available for inspection and review by an Association member or the member's authorized representative. Any recount shall be conducted in a manner that preserves the confidentiality of the vote [Civil Code §5125].

**THE ABOVE ELECTION RULES** have been adopted by United Housing Corporation, Inc. effective this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, after not less than 28 days notice to the Association membership.

\_\_\_\_\_  
United Housing Corporation, Inc.

## UNITED HOUSING CORPORATION, INC.

### 20\_\_\_\_ ELECTION TIMELINE

#### Summary

- \_\_\_\_\_, 20\_\_\_\_ Annual Meeting Election Date  
Time: \_\_\_\_\_  
Location: \_\_\_\_\_
- \_\_\_\_\_, 20\_\_\_\_ Association Notice of Nomination Procedure & Deadline  
[105 days before annual meeting – General Notice\*] – Rule 2.2
- \_\_\_\_\_, 20\_\_\_\_ Nomination Receipt Deadline  
[75 days before annual meeting] – Rule 2.1
- \_\_\_\_\_, 20\_\_\_\_ Appointment of Inspector(s) of Election  
[75 days before annual meeting] – Rule 3
- \_\_\_\_\_, 20\_\_\_\_ Association Notice of Ballot Return, Annual Meeting Information  
and Candidate Names Information  
[65 days before annual meeting – General Notice\*] – Rule 4
- \_\_\_\_\_, 20\_\_\_\_ Open Verification Period for Voter and Candidate Lists  
[60 days before annual meeting] – Rule 5
- \_\_\_\_\_, 20\_\_\_\_ Verification Error & Omission Report Deadline  
[35 days before annual meeting] – Rule 5
- \_\_\_\_\_, 20\_\_\_\_ Association Mailing of Election Voting Packet  
[30 days before annual meeting - Mail] – Rule 6
- \_\_\_\_\_, 20\_\_\_\_ Election Inspector(s) Election Ballot and Rules Mailing  
[30 days before annual meeting – Individual Delivery] – Rule 7

*\* General Notice (e.g. posting), but Individual Delivery to those owners who request.*

**FIRST AMENDED AND RESTATED  
BYLAWS  
OF  
UNITED HOUSING CORPORATION, INC.**

**Article 1 Definitions**

**Section 1.1 Definitions**

Section 1.1.1	Architectural Control Committee
Section 1.1.2	Articles
Section 1.1.3	Association
Section 1.1.4	Board
Section 1.1.5	Bylaws
Section 1.1.6	Common Area
Section 1.1.7	Condominium
Section 1.1.8	Condominium Plan
Section 1.1.9	Condominium Project
Section 1.1.10	Declarant
Section 1.1.11	Declaration
Section 1.1.12	Exclusive Use Common Area
Section 1.1.13	Governing Body
Section 1.1.14	Governing Documents
Section 1.1.15	Member
Section 1.1.16	Mortgage
Section 1.1.17	Owner
Section 1.1.18	Plan
Section 1.1.19	Project
Section 1.1.20	Separate Interest(s)
Section 1.1.21	Subdivider
Section 1.1.22	Subdivision
	Unit

Section 1.2 Gender  
Section 1.3 Number

**Article 2 Functions of the Association**

Section 2.1 Purpose  
Section 2.2 Assessments



**Article 3      Membership**

- Section 3.1    Members
- Section 3.2    Transfer of Membership

**Article 4      Meetings of Members**

- Section 4.1    Place of Meetings
- Section 4.2    Annual Meetings
- Section 4.3    Special Meetings
- Section 4.4    Notice of Meetings
- Section 4.5    Quorum
- Section 4.6    Special Procedure-Election of Governing Body
- Section 4.7    Removal
- Section 4.8    Secret Ballot
- Section 4.9    Actions Without a Meeting
- Section 4.10   Conduct of Meetings

**Article 5      Voting**

- Section 5.1    Record Date
- Section 5.2    Voting Members
- Section 5.3    Voting Rights; Required Vote; Cumulative Voting
- Section 5.4    Proxies

**Article 6      Directors; Management**

- Section 6.1    General Powers
- Section 6.2    Specific Powers
- Section 6.3    Liability
- Section 6.4    Contracts
- Section 6.5    Prohibited Acts
- Section 6.6    Management Contracts
- Section 6.7    Delegation of Authority
- Section 6.8    Fiscal Constraints
- Section 6.9    Number
- Section 6.10   Election and Tenure of Office
- Section 6.11   Vacancies
- Section 6.12   Removal of Directors
- Section 6.13   Place of Meetings
- Section 6.14   Organizational Meetings; Notice
- Section 6.15   Other Regular Meetings; Notice
- Section 6.16   Special Meetings; Notice

Section 6.17 Written Consent or Waiver of Notice  
 Section 6.18 Notice of Adjournment  
 Section 6.19 Quorum; Required Vote  
 Section 6.20 Open Meetings; Executive Sessions  
 Section 6.21 Action without Meetings  
 Section 6.22 Requirements for Withdrawal from Reserves

#### Article 7 Officers

Section 7.1 Officers  
 Section 7.2 Appointment  
 Section 7.3 Subordinate Officers  
 Section 7.4 Removal and Resignation  
 Section 7.5 Vacancies  
 Section 7.6 Chairman of the Board  
 Section 7.7 President  
 Section 7.8 Vice President(s)  
 Section 7.9 Secretary and Assistant Secretary  
 Section 7.10 Treasurer and Assistant Treasurer

#### Article 8 Committees

Section 8.1 Architectural Control Committee  
 Section 8.2 Executive and Other Committees

#### Article 9 Association Records and Reports; Inspection

Section 9.1 Records  
 Section 9.2 Inspection of Books and Records  
 Section 9.3 Certification and Inspection of Bylaws  
 Section 9.4 Checks, Drafts, Etc.  
 Section 9.5 Contracts, Etc.; How Executed  
 Section 9.6 Financial Reports  
 Section 9.7 Initial Financial Report  
 Section 9.8 Distribution of Financial Statements

#### Article 10 Operating and Reserve Accounts

Section 10.1 Quarterly Review  
 Section 10.2 Limited Use of Reserve Funds  
 Section 10.3 Reserve Study

Article 11 Corporate Seal

) Section 11.1 Seal

Article 12 Amendments to Bylaws

Section 12.1 By Members  
Section 12.2 No Amendment by Directors  
Section 12.3 Record of Amendments



FIRST AMENDED AND RESTATED  
BYLAWS  
OF  
UNITED HOUSING CORPORATION, INC.

A. WHEREAS, Declarant is the owner of the property ("Property") described as:

LOT 1 OF VISTA DEL MAR, UNIT NO. 1, IN THE CITY OF  
SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF  
CALIFORNIA, ACCORDING TO MAP THEREOF NO. 6500,  
FILED IN THE OFFICE OF THE COUNTY RECORDER OF  
SAN DIEGO COUNTY, OCTOBER 9, 1969.

B. WHEREAS, Declarant has filed in the Office of the County Recorder of San Diego County, California, a Condominium Plan covering the Property; and

C. WHEREAS, Declarant was originally formed for the purpose of acquiring, owning and operating a cooperative housing project on the Property, with the intent that its members shall have the right to occupy the dwelling units thereof pursuant to the terms of a proprietary lease.

D. WHEREAS, Declarant is about to terminate the proprietary leases encumbering the Property, subordinate all existing deeds of trust encumbering the Property, convert the existing cooperative residential units into condominiums and thereafter convey to the Members of Declarant their respective condominiums. Declarant desires and intends to, by this document, amend and restate its Bylaws.

ARTICLE I

DEFINITIONS

1.1 Definitions: Each of the following words and phrases shall, in this instrument, have the respective meaning shown below, unless a contrary meaning shall, by the context, be evident:

1.1.1 "Architectural Control Committee" shall mean that committee made up of Members of the Association for purposes of advising the Board of Directors on matters of structural and landscaping architecture and design within the Project.

1.1.2 "Articles" shall mean the First Amended and Restated Articles of Incorporation of the Association and any amendments to said Articles.

1.1.3 "Association" shall mean the United Housing Corporation, Inc., a California non-profit mutual benefit corporation, composed of the Owners described below.

1.1.4 "Board," "Board of Directors" or "Directors" shall mean the Board of Directors of the Association.

1.1.5 "Bylaws" shall mean the First Amended and Restated Bylaws of the Association and any amendments to said Bylaws.

1.1.6 "Common Area" shall mean Common Area as the same is defined in the Plan, and shall mean the entire common interest development except the Separate Interests. It should be noted that portions of the Common Area are sites for certain amenities, which include, without limitation, a swimming pool and laundry room. It is the intent that the foregoing areas maintain the use to which they are presently being employed, however, there is no guaranty that these portions of the Common Area will be used in the future as they are currently being used at the time of the recordation of this Declaration.

1.1.7 "Condominium" shall mean an estate in the Project, as defined in California Civil Code Sections 783 and 1351(f). A Condominium consists of an undivided interest in common in a portion of real property coupled with a separate interest in space called a Unit, the boundaries of which are described in the Plan in sufficient detail to locate all boundaries thereof. Each Condominium shall consist of a Unit, and Exclusive Use Common Areas all as shown on the Plan.

1.1.8 "Condominium Plan" means a plan consisting of (1) a description or survey map of a condominium project, which shall refer to or show monumentation on the ground, (2) a three-dimensional description of a Condominium Project, one or more dimensions of which may extend for a indefinite distance upwards or downwards, in sufficient detail to identify the common areas and each separate interest, and (3) a certificate consenting to the recordation of the Condominium Plan signed and acknowledged by the record owner of fee title to that property included in the Condominium Project. The certificate shall also be signed and acknowledged by either the trustee or the beneficiary of each recorded deed of trust, and the mortgagee of each recorded mortgage encumbering the property. A condominium plan may be amended or revoked by a subsequently acknowledged recorded instrument executed by all the persons whose signatures would be required to record a condominium plan pursuant to this subdivision.

1.1.9 "Condominium Project" or "Project" means a development consisting of Condominiums.

1.1.10 "Declarant" shall mean United Housing Corporation, Inc., and Declarant's successors and assigns who expressly assume the rights and duties of the Declarant hereunder in a recorded written document and who constitute the Declarant under the Declaration.

1.1.11 "Declaration" shall mean the Declaration of Restrictions of 2582 Del Mar Heights Road Condominiums as recorded and any amendments thereto as recorded.

1.1.12 "Exclusive Use Common Area" shall mean and refer to a portion of the Common Area designated by the Declaration for the exclusive use of one or more, but fewer than all, of the owners of the Separate Interests and which is or will be appurtenant to the Separate Interests. Such area is designated in the Plan and consists of those portions of the Common Area shown as parking spaces and the storage lockers located within the parking spaces which are reserved for the exclusive use and enjoyment of the designated Unit and appurtenant to such Unit. Unless specifically stated otherwise herein, any reference to the use, enjoyment and maintenance of the Common Area shall include the Exclusive Use Common Area.

1.1.13 "Governing Body" shall mean and refer to the Board of Directors of the Association.

1.1.14 "Governing Documents" means the Declaration and any other documents, such as bylaws, operating rules of the association, articles of incorporation, or articles of association, which govern the operation of the common interest development or Association.

1.1.15 "Member" shall mean an Owner(s) of a Unit who is entitled to membership in the Association. Membership shall be appurtenant to and may not be separated from ownership of a Unit.

1.1.16 "Mortgagee" shall mean the mortgagee under any real property mortgage or beneficiary under any deed of trust given for value, which mortgage or deed of trust encumbers any Unit. The definition of Mortgagee shall include either the Veterans Administration, the FHA, the FHLMA or the FNMA if any holds a mortgage against a Unit.

1.1.17 "Owner" shall mean the person(s) who hold(s) record fee title, and any contract vendee (buyer) in a contract of sale, to any Unit.

1.1.18 "Plan" shall mean that certain Condominium Plan recorded concurrently with this Declaration in the Official Records of San Diego County, California, being a Condominium Plan as the same is described in California Civil Code Section 1351, and any amendments to said Condominium Plan as recorded.

1.1.19 "Project" shall mean the land encompassed by the Plan, including all structures situated thereon.

1.1.20 "Separate Interest(s)" shall mean an individual Unit.

1.1.21 "Subdivider" shall mean and refer to the Declarant, as defined in this Article, at all times herein mentioned in this document.



1.1.22 "Subdivision" shall mean and refer to the Project as defined in this Article.

1.1.23 "Unit" shall mean and refer to the elements of a Condominium which are not owned in common with the other owners of other Condominiums; each Unit, and the boundaries thereof, are described in the Plan. For the purposes of this instrument, the term "Living Unit" as used on the Plan shall be synonymous with the terms Unit and Separate Interest as used herein. The elements of each Condominium include the interior surfaces of the perimeter walls, floors, ceilings, windows, doors as shown on the Plan. The elements of each Condominium include deck space, if any, and the exterior boundaries of those decks which include the walls, fences or railings thereof. The elements of the Unit are described on the Plan.

1.2 Gender: For purposes of convenience only the masculine gender is used throughout this instrument. The masculine gender shall however include both the masculine and feminine gender and the context shall be construed pursuant to the context in which it is applicable.

1.3 Number: For purposes of convenience only singular verbs and nouns are used. The singular number and case shall however include both the singular and plural and shall be construed pursuant to the context in which it is applicable.

#### Article 2

### FUNCTIONS OF THE ASSOCIATION

2.1 Purpose: The Association shall act as a "management body" for the management, preservation, maintenance, architectural control and improvement of the Common Area. The Association is subject to the limitations, covenants, conditions, restrictions, terms and provisions of the Declaration.

2.2 Assessments: Pursuant to the provisions of the Article entitled "Assessments" in the Declaration, it shall be the duty of the Board to fix, alter, collect and enforce assessments upon Owners. Each Owner shall be liable to pay to the Association the assessment levied upon such Owner's Unit under the provisions of the Declaration.

#### Article 3

### MEMBERSHIP

3.1 Members: The Association shall have one (1) class of Members only, and the property and other rights, interests and privileges of each Member in good standing in the Association shall be equal. Membership in the Association and all rights, interests and privileges associated thereto shall be appurtenant to the Owner's Condominium. Each Owner shall be entitled to one (1) Membership per Condominium owned, pursuant to Section 7312 of the California

Corporations Code. No certificate of Membership, stock certificate or other document evidencing Membership in the Association shall be issued.

3.2 Transfer of Membership: Each Owner shall be and become a Member of the Association contemporaneously with his acquisition of a Condominium (whether such acquisition occurs by (i) conveyance of a Condominium by Subdivider; (ii) voluntary transfer, assignment or conveyance of a Condominium; or (iii) foreclosure by trustee's power of sale or by judicial process of a deed of trust or other lien on, or other involuntary transfer of a Condominium), without necessity of documentation or other action, of any kind, by any person. The Association may require that any person acquiring a Condominium shall notify the Association in writing of such acquisition so as to facilitate accurate record keeping of the Membership. When two (2) or more persons hold, as joint tenants or otherwise, a Condominium, they shall constitute a single Member. Transfer of Membership in the Association shall be only by the means specified herein.

#### Article 4

#### MEETINGS OF MEMBERS

4.1 Place of Meetings: All meetings of Members shall be held within the Project or at such other place in San Diego County, California, in reasonable proximity to the Project, as may be designated for that purpose from time to time by the Board. Unless unusual conditions exist, Members' meetings shall not be held outside of San Diego County, California.

4.2 Annual Meetings: The first annual meeting of Members shall be held on such date and at such time as shall be designated by the Board, which date shall be within forty-five (45) days after the closing of the sale by Subdivider of the Subdivision Interest which represents the fifty-first (51st) percentile interest authorized for sale under the first public report for the Subdivision. Subsequent annual meetings of Members shall be held on the annual anniversaries of the first annual meeting of Members and shall be held at such time on said date as may be designated by the Board. If the date of the annual meeting shall fall on a weekend or legal holiday, then the meeting shall be held on the next-succeeding business day, at the same hour.

4.2.1 At the annual meeting, Members shall nominate and elect a Board, consider reports of the affairs of the Association and transact such other business as may properly be brought before the meeting.

4.3 Special Meetings: Special meetings of Members, for any purpose or purposes whatsoever, may be called by a vote of the Board, and shall be called by the Board upon receipt of a written request therefor signed by Members representing at least five percent (5%) of the total voting power of the Association.



4.3.1 Upon request in writing by registered mail to the president, a vice president, the secretary or assistant secretary, at the principal office of the Association, or delivered to such officer(s) in person by Members entitled to call a meeting of Members, it shall be the duty of such officer(s) forthwith to cause notice to be given, to Members entitled to vote, of a meeting to be held at such time as the Board may fix not less than thirty-five (35) nor more than ninety (90) days after the receipt of such request. If such notice shall not be given within twenty (20) days after the date of mailing or date of delivery of such request, Members calling the meeting may fix the date and time of the meeting and give notice thereof in the manner provided by these Bylaws. The date of any meeting fixed by Members as hereinabove provided shall be at such time in the future as will permit adherence to the notice requirement set forth in Paragraph 4.4.

4.4 Notice of Meetings: Written notice of meetings, annual or special, shall be given to Members entitled to vote at such meetings, by the Board by any means which is appropriate given the physical set-up of the Subdivision, not less than ten (10) days nor more than ninety (90) days before such meeting. The notice shall specify the place, the day and the hour of meeting; and, in case of special meetings, the general nature of the business to be transacted. In the case of a regular meeting, such notice shall state those matters which the Board intends to present for action by the Members. Any action which may be taken by the vote of Members at a regular or special meeting, except the election of Governing Body Members where cumulative voting is a requirement, may be taken without a meeting if done in compliance with the provisions of Section 7513 of the Corporations Code.

4.4.1 Such notices shall be given by the Board. All notices shall be sent by first-class mail to the Member's address appearing on the books of the Association or supplied by him to the Association for the purpose of receiving notice. If a Member supplies no address, or no address appears on the books of the Association, notice shall be deemed to have been given if mailed to the principal office of the Association.

4.4.2 When a meeting is adjourned, notice of the adjourned meeting shall be given as in the case of an original meeting, if a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment. This provision, however, is not applicable to those meetings adjourned for the lack of a quorum which are governed by Article 4, Section 4.5.1.

4.4.3 If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings.

4.5 Quorum: Except as may be otherwise provided in the Declaration or these Bylaws, the presence of Members holding Fifty-one percent (51%) of the total voting power of the Association, present in person or represented by proxy, shall constitute a quorum at all meetings of Members for the transaction of business.



4.5.1 If, however, such majority shall not be present or represented at any meeting of Members, 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 number of Members shall be present or represented; provided, however, that any such adjournment by those in attendance shall be to a date not less than five (5) and not more than thirty (30) days from the date of the originally scheduled meeting. At such adjourned meeting at which the requisite number of Members shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings.

4.6 Special Procedure-Election of Governing Body: Not less than twenty percent (20%) of the incumbents on the Board shall be elected solely by the votes of Owners other than the Subdivider from the first election of the Governing Body and thereafter for so long as a majority of the total voting power of the Association resides in the Subdivider.

4.6.1 As long as the condition in Section 4.6 prevails, twenty percent (20%) of the directorships up for election shall be voted for solely by the Owners, excluding the Subdivider.

4.6.2 The number of these directorship(s) will be determined as follows:

4.6.2.1 The number of available directorships multiplied by twenty percent (20%) will produce the number of directorships to be elected solely by the Owners, excluding the Subdivider.

4.6.2.2 If the number produced as a result of the calculation in Section 4.6.2.1 is a whole number that number will be the designated number.

4.6.2.3 If the number produced as a result of the calculation in Section 4.6.2.1 is less than a whole number or a whole number and a fraction, no matter how large the fraction, the number shall be raised to the next highest whole number.

4.6.3 This entire procedure shall be read in conjunction with Section 6.11.1.1 of Article 6 of these Bylaws.

4.7 Removal: A Board Member who has been elected to office solely by the votes of Members of the Association other than the Subdivider may be removed from office prior to the expiration of his term of office only by the vote of at least a simple majority of the voting power residing in Members other than the Subdivider.

4.8 Secret Ballot: Voting for the Governing Body shall be by secret written ballot. Cumulative voting in the election of Board Members shall be prescribed for all elections in which more than two positions on the Governing Body are to be filled, subject only to the

procedural prerequisites to cumulative voting prescribed in Section 7615(b) of the Corporations Code.

**4.9 Actions Without a Meeting:** Any action which may be taken by the vote of Members at a regular or special meeting, except the election of Board Members where cumulative voting is a requirement, may be taken without a meeting if done in compliance with the provisions of Section 7513 of the Corporations Code.

**4.10 Conduct of Meetings:** Meetings of the membership of the Association shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Association may adopt. Notwithstanding any other provision of law, notice of meetings of the Members shall specify those matters the Board intends to present for action by the Members, but, except as otherwise provided by law, any proper matter may be presented at the meeting for action. Members of the Association shall have access to Association records in accordance with Article 3 (commencing with Section 8330) of Chapter 13 of Part 3 of Division 2 of Title 1 of the Corporations Code. Any Member of the Association may attend meetings of the Board, except when the Board adjourns to executive session to consider litigation matters that relate to the formation of contracts with third parties, or personnel matters. Any matter discussed in executive session shall be generally noted in the minutes of the Board. In any matter relating to the discipline of an Association Member, the Board shall meet in executive session if requested by that Member, and the Member shall be entitled to attend the executive session. Whenever two or more associations have consolidated any of their functions under a joint neighborhood association or similar organization, members of each participating association shall be entitled to attend all meetings of the joint association other than executive sessions, shall be given reasonable opportunity for participation in those meetings, and shall be entitled to the same access to the joint association's records as they are to the participating association's records.

The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the Board of the Association, other than an executive session, shall be available to Members within 30 days of the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any Member of the Association upon request and upon reimbursement of the Association's costs in making that distribution.

Members of the Association shall be notified in writing at the time that the pro forma budget required in Section 1365 of the California Civil Code is distributed or at the time of any general mailing to the entire membership of the Association of their right to have copies of the minutes or meetings of the Board of Directors and how and where those minutes may be obtained.



## Article 5

### VOTING

5.1 Record Date: Only a Member of record of the Association as of the date of the meeting shall be entitled to vote at such meeting. Member of record refers to that person(s) registered with the Association as possessing the ownership interest of the Unit pursuant to Article 3, Section 3.1.

5.2 Voting Members: Each Member shall be entitled to one (1) vote for each Subdivision Interest owned. If a Subdivision Interest is owned by more than one person, each such person shall be a Member of the Association, but there shall be no more than one (1) vote for each Subdivision Interest.

The vote for each Subdivision Interest may be cast only as a Subdivision Interest, and fractional votes shall not be allowed. In the event 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 representing a certain Subdivision Interest, it shall thereafter be conclusively presumed for all purposes that such Owner or Owners was, or were, acting with the authority and consent of all other Owners of the same Subdivision Interest. In the event more than one (1) vote is cast for a particular Subdivision Interest none of said votes shall be counted and all of said votes shall be deemed void.

5.3 Voting Rights: Required Vote: Cumulative Voting: On all matters, including the election of each Director to be elected, a Member shall have the number of votes as set forth above for each Subdivision Interest owned by said Member.

5.3.1 When a quorum is present, the affirmative votes of Members holding more than fifty percent (50%) of the total number of votes at any regular or special meeting of Members shall be required for Members to transact any business, except as may be otherwise provided in these Bylaws or the Declaration of Restrictions.

5.3.2 Voting for the Board shall be by secret written ballot. Cumulative voting in the election of Governing Body Members shall be prescribed for all elections in which more than two (2) positions on the Governing Body are to be filled subject only to the procedural prerequisites to cumulative voting prescribed in Section 7615(b) of the Corporations Code.

5.3.2.1 No Member shall be entitled to cumulate votes for a candidate unless such candidate's name or candidates' names have been placed in nomination prior to the voting and the Member has given notice of the meeting prior to the voting of the Member's intention to cumulate votes. If any one Member has given such notice, all Members may cumulate their votes for candidates in nomination.



5.3.2.2 Any action which may be taken by the vote of the Members at a regular or special meeting except the election of governing Members where cumulative voting is required may be taken without a meeting if executed in compliance with provisions of Section 7513 of the Corporations Code.

5.3.3 If more than one (1) legal person constitutes a Member, a vote(s) cast in person or by proxy by such persons will not be considered unless those persons attempting to vote declare to the same effect on the issue being voted upon.

5.3.4 Voting rights attributable to Units shall not vest until assessments against those Units have been levied by the Association.

5.4 Proxies: Every Member entitled to vote or to authorize action may do so either in person or by one (1) or more agents authorized by a written proxy executed by the person or his duly authorized agent and filed with the secretary of the Association. Any form of proxy or written ballot distributed by any person to the Membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon, except it shall not be mandatory that a candidate for reelection to the Board of Directors be named in the proxy or written ballot. The proxy or written ballot shall provide that, where the Member specified a choice, the vote shall be cast in accordance with that choice. The proxy shall also identify the person or persons authorized to exercise the proxy and the length of time it will be valid. All proxies shall be executed in accordance with the provisions of Section 7613 of the Corporations Code. A proxy can only be revoked by the death or incapacity of the maker or the termination of a Membership as a result thereof, if before the vote is counted written notice of such death or incapacity is received by the Association.

#### Article 6

##### DIRECTORS: MANAGEMENT

6.1 General Powers: Subject to the limitations of the Declaration, of the Articles, of these Bylaws and of the laws of the State of California as to action to be authorized or approved by Members, all Association powers shall be exercised by or under authority of and the business and affairs of the Association shall be controlled by the Board of Directors.

6.2 Specific Powers: In addition to the general powers described above, the Board of Directors shall have the following specific powers:

6.2.1 To adopt regulations not inconsistent with the provisions of the Declaration, including, but not limited to, rules and regulations relating to use of and activities permitted in the Common Area.

6.2.2 To maintain bank account(s) for funds coming under the control of the Association and to prepare budgets and financial statements for the Association.

6.2.3 To levy regular and special assessments and otherwise act as set forth in and subject to the provisions of the Declaration and the Articles.

6.2.4 To enforce the provisions of the Declaration, these Bylaws, the Articles of Incorporation, and any other instruments for the management and control of the Project; however, nothing contained in this Article shall be construed to prohibit enforcement of the Declaration by any Owner.

6.2.5 To contract for and maintain (i) fire, casualty, liability, workmen's compensation, medical, hospital and other insurance insuring Owners and other persons; and (ii) bonds of directors and other persons.

6.2.6 To contract, provide and pay for (i) maintenance, utility, gardening and other services benefiting the Common Area; (ii) employment of persons necessary for operation of any building; and (iii) legal and accounting services.

6.2.7 To contract for and purchase tools, equipment, materials, supplies and other personal property and services for (i) maintenance and repair of the Common Area; and (ii) improvements to the Project.

6.2.8 To contract for and pay for reconstruction of any portion(s) of the Project damaged or destroyed.

6.2.9 To pay taxes and assessments which are or which would become a lien upon the Common Area or any portion thereof, and to pay and discharge any lien or encumbrance levied against the entire Project or the Common Area or any portion.

6.2.10 To sell at such price and terms as the Board may determine, the entire Project for the benefit of all of the Owners and mortgages thereof, as their interests shall appear. Said power to sell shall be exercisable only (i) when partition of the Project may be had under California Civil Code Section 1359; (ii) after the recordation of a certificate by those Owners consenting to the exercise of said power to sell (in accordance with Section 1359 that said power is properly exercisable); and (iii) after obtaining the written consent of at least seventy-five percent (75%) of the first mortgages (based upon one vote for each first mortgage owned).

6.2.11 To prosecute or defend, in the name of the Association, any action affecting or relating to the Common Area, or any action in which all of the Owners have an interest in the subject of the action or in which any right to relief in respect to or arising out of the same transaction or series of transactions is alleged to exist.

6.2.12 To suspend for a period not to exceed thirty (30) days the voting privileges of an Owner, for default in the payment of any regular or special assessment levied by the Association pursuant to the Declaration or for violating any regulations adopted by or established



by the Board to govern the use of and activity in the Common Area or for failing to observe any of the provisions of the Declaration. Such suspension must be done in good faith.

The accused Member must be given fifteen (15) days prior notice of the violation giving rise to the disciplinary action and the reasons therefor; and in addition, must be given an opportunity to be heard, orally or in writing, with respect to the alleged violation, not less than five (5) days before the effective date of the disciplinary action in accordance with the provisions of Section 7341 of the California Corporations Code.

6.2.13 To elect officers of the Association.

6.2.14 To fill vacancies on the Board except for a vacancy created by the removal of a Director.

6.2.15 To enter at all reasonable times, by it or its agents or independent contractors, any Subdivision Interest when necessary in connection with maintenance, construction or emergency repair as to which the Association has rights hereunder.

6.3 Liability: No right or power conferred on the Board in this Article shall be construed as a duty, obligation or disability charged upon the Board or any Director. If any right or power herein granted be exercised, Directors so exercising or voting for such exercise shall be held liable only for acts involving gross negligence and intentional misconduct.

6.4 Contracts: Any contract entered into, or instrument executed, by any two or more Directors pursuant to resolution of the Board shall be (i) valid and subsisting according to the tenor of such contract or instrument; (ii) a charge upon all cash, bank accounts and other personal property under the control of the Board; and (iii) a debt of all Owners in the same proportion as their respective interests in the Common Area. Any transfer, assignment or conveyance to, or contract right in favor of, the Board shall vest in the Board, for the benefit of the Owners in the same proportion as their respective interests in the Common Area, the Project, right, title, interest, estate or thing so transferred, assigned, conveyed or contracted. So long as he acts within the scope of this authority as a Director, no Director shall have any personal liability under any such contract or instrument; however, the foregoing shall not be construed to relieve any Director, who is also an Owner, from liability as such Owner.

6.5 Prohibited Acts: Anything in this Article to the contrary notwithstanding, the Board may not, without the vote or written assent of a majority of the voting power of the Association, which shall include a majority of the votes of Members other than the Subdivider, (a) enter into a contract with a third person wherein the third person will furnish goods or services for the Common Area or the Association for a term longer than one year with the following exceptions: (i) a management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration; (ii) a contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission provided, however, that the term of the contract shall not exceed the shortest term for which the



supplier will contract at the regulated rate; (iii) prepaid casualty and/or liability insurance policies of not to exceed three (3) years duration provided that the policy permits short rate cancellation by the insured; (iv) lease agreements for laundry room fixtures and equipment of not to exceed five (5) years duration provided that the lessor under the agreement is not an entity in which the Subdivider has a direct or indirect ownership interest of ten percent (10%) or more; (v) agreements for cable television services and equipment of not to exceed five (5) years duration provided that the supplier is not an entity in which the Subdivider has a direct or indirect ownership interest of ten percent (10%) or more; (vi) agreements for sale or lease of burglar alarm and fire alarm equipment, installation and services of not to exceed five (5) years duration, provided that the supplier or suppliers are not entities in which the Subdivider has a direct or indirect ownership interest of ten percent (10%) or more; (b) incur aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year; (c) sell, during any fiscal year, property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year; (d) pay compensation to Members of the Governing Body or to officers of the Association for services performed in the conduct of the Association's business provided, however, that the Board may cause a Member or officer to be reimbursed for expenses incurred in carrying on the business of the Association; and (e) fill a vacancy on the Governing Body created by the removal of a Governing Body Member.

**6.6 Management Contracts:** Anything contained in this Section to the contrary notwithstanding, the Board shall not have the power to (i) authorize or approve any contract for the professional management of the Project which does not permit the Association to terminate on ninety (90) days or less written notice, if termination is without cause, or thirty (30) days written notice if termination is with cause and/or the contract has a term greater than one year, or (ii) grant to anyone easements or use rights which affect the Common Area.

**6.7 Delegation of Authority:** The Board may, from time to time and as permitted by law, delegate any of the powers enumerated herein to the officers, committees and employees of the Association, except those powers to levy fines, hold hearings, or impose discipline.

**6.8 Fiscal Constraints:** The Board cannot incur aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year except with the vote or written assent of (i) a majority of the total voting power of the Association; and (ii) a majority of the votes residing in Members other than the Subdivider.

**6.9 Number:** The authorized number of Directors of the Association shall be three (3) until changed by an amendment to the Articles or by an amendment to this Section 6.9 of Article 6 of these Bylaws.

6.10 Election and Tenure of Office: The first election of the Board shall be conducted at the first annual meeting of Members. All three (3) positions on the Board shall be filled at that election.

6.10.1 Each Director shall be elected by secret and written ballot at the annual meeting of Members, to serve for one year and until their successors are elected and have qualified or until their earlier resignation or removal. The term of office for Directors shall begin immediately after their election. All Directors shall hold one (1) year terms and the terms for all Directors shall be concurrent.

6.10.1.1 Nominations for Directors may be made by any Member following receipt of notice of the meeting at which Directors may be elected.

6.10.1.2 Each nominee shall have the opportunity to communicate to Members his qualifications and the reasons for his candidacy (i) at the meeting at which the vote shall take place; and (ii) by mail prior to the meeting. Upon written request by any nominee and the payment of the reasonable costs of mailing (including postage), the Association shall within ten (10) business days after such request mail to all Members any material which the nominee may furnish and which is reasonably related to the election.

6.11 Vacancies: A vacancy or vacancies shall be deemed to exist in any of the following instances: (i) the death or resignation of any Director; (ii) the authorized number of Directors shall be increased by amendment to these Bylaws or to the Articles and the Members shall fail to elect the additional Director(s); (iii) Members shall fail at any time to elect the full number of authorized Directors; (iv) any Director shall fail to serve in the office within thirty (30) days after notice of his election; or (v) a Director is removed pursuant to Section 6.12.

6.11.1 Vacancies in the Board, except for a vacancy created by the removal of a Director, may be filled by a majority of the remaining Directors, though less than a quorum, or by a sole remaining Director. Each Director so elected shall hold office until his successor is elected at an annual, regular or special meeting of the Members or until his earlier resignation or removal.

6.11.1.1 Notwithstanding the above, any vacancies in the directorship(s) elected solely by the vote of the Owners other than the Subdivider shall be filled by the votes of those Owners, excluding the votes of the Subdivider.

6.11.2 Members may at any time elect a Director to fill any vacancy not filled by the Directors and may elect the additional Directors at such time that an amendment of the Articles or Bylaws is voted authorizing an increase in the number of Directors.

6.11.3 If the Board accepts the resignation of a Director tendered to take effect at a future time, the Board, or if the Board should fail to act, the Members, shall have power to elect a successor to take office when the resignation shall become effective.



6.11.4 No reduction of the number of Directors shall have the effect of removing any Director prior to the expiration of his term of office.

6.12 Removal of Directors: Unless the entire Board is removed from office by the vote of the majority of Association Members, an individual Director shall not be removed prior to the expiration of his term of office if the votes cast against removal would be sufficient to elect the Director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of Directors authorized at the time of the most recent election of the Directors were then being elected.

6.12.1 Filling a vacancy caused by the removal of a Director shall be controlled by Sections 6.5 and 6.11.2 of Article 6 of these Bylaws.

6.12.2 A Director who has been elected to office solely by the votes of the Members other than the Subdivider may be removed from office prior to the expiration of his term of office only by the vote of more than fifty percent (50%) of the voting power residing in Members other than the Subdivider.

6.13 Place of Meetings: Meetings of the Board shall be held at the office of the Association located within the Project, or at such other places within the Project as the Board may from time to time designate by resolution. The secretary shall file all such resolutions in the minute book of the Association. The Board may take actions without a meeting if all of the Board Members consent in writing to the action to be taken.

6.14 Organizational Meetings: Notice: Annual organizational meetings of the Board shall be held immediately following the adjournment of the annual meetings of Members or at such other time and on such other date as the Board may designate by resolution. No notice of organizational meetings, other than notice normally given to all Members for a regular meeting, need be given to Directors except that written notice setting forth the date, time and place of said meeting shall be posted at a prominent place (or places) within the Common Area at least four (4) days prior to the scheduled time of said meeting.

6.15 Other Regular Meetings: Notice: Regular meetings of the Board, other than the annual organizational meeting, shall be held at such time as may be agreed upon from time to time by the Board and within the Subdivision except that said meetings shall be held at least every six (6) months if business to be transacted by the Board does not justify more frequent meetings. If said day shall fall upon a holiday, such meeting shall be held on the next succeeding business day thereafter.

6.15.1 Notice of the time and place of a regular meeting shall be posted at a prominent place or places within the Common Area and shall be communicated to Directors not less than four (4) days prior to the meeting, provided, however, that notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.



6.15.2 Regular meetings of the Board shall be open to all Members of the Association, provided, however, that the Association Members who are not Directors may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board.

6.16 Special Meetings; Notice: Special meetings of the Board of Directors for any purpose or purposes shall be called by written notice signed by the president of the Association or by any two (2) Directors other than the President.

6.16.1 Written notices of the time and place of special meetings, and the general nature of the business to be considered thereat, shall be sent to each Director not less than seventy-two (72) hours prior to the scheduled time of the meeting, provided, however, that notice of the meeting need not be given to any Director who signed a waiver of notice or a written consent to holding of the meeting.

6.16.2 Written notice of every special meeting of Directors shall be posted in the manner prescribed for notice of regular meetings.

6.17 Written Consent or Waiver of Notice: When all the Directors are present at any regular meeting, however called or noticed, and sign a written consent thereto on the records of such meeting, or if a majority of the Directors are present and if those not present sign a written waiver of notice of such meeting, the transactions thereof are as valid as if having occurred at a meeting regularly called and noticed. All such consents and waivers shall be filed by the secretary with the minutes of the meeting.

6.18 Notice of Adjournment: Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place be fixed at the adjourned meeting.

6.19 Quorum; Required Vote: More than fifty percent (50%) of the authorized number of Directors as designated by the Articles or Bylaws shall be necessary to constitute a quorum for the transaction of business. The action of a majority of the Directors present at any meeting at which there is a quorum, when duly assembled, is valid as a corporate act; provided that a majority of the Directors present at any meeting at which a quorum is not present may adjourn from time to time, but may not transact any business.

6.20 Open Meetings; Executive Sessions: All organizational, regular and special meetings of the Board shall be open to all Members; however, Members who are not on the Board may not participate in deliberations or discussions at any such meeting unless expressly so authorized by the vote of a majority of the Directors present at the meeting at which there is a quorum. Anything in Section 6.20 to the contrary notwithstanding, the Board may, with the approval of a majority of a quorum thereof, adjourn any such meeting and reconvene in executive session to discuss, consider or vote upon (i) items related to or involving personnel; (ii) litigation in which the Association is or may become involved; and/or (iii) matters of a similar nature,

provided that the nature of any and all such business to be considered in executive session shall first be announced in the open meeting.

6.21 Action Without Meetings: The Board may take action without a meeting if all of its members consent in writing to the action to be taken. If the Board resolves by unanimous written consent to take action, an explanation of the action taken shall be posted at a prominent place or places within the Common Area within three days after the written consents of all Governing Body members have been obtained.

6.22 Requirements For Withdrawal From Reserves: Withdrawal of funds from the Association reserve account shall require the signatures of either:

6.22.1 Two (2) Directors; or,

6.22.2 One (1) Director and an Officer of the Association who is not also a Director.

#### Article 7

#### OFFICERS

7.1 Officers: The Officers of the Association shall be a president, vice president, secretary and treasurer. The Association may also have, at the discretion of the Board, a chairman of the board, one or more additional vice presidents, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of Section 7.3 of this Article. Any two or more offices, except those of president and secretary, may be held by the same person.

7.2 Appointment: The officers of the Association, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of these Bylaws, shall be chosen annually by the Board, and each shall hold office until his successor shall be appointed or until his earlier resignation, removal or disqualification.

7.3 Subordinate Officers: The Board may, at any time, appoint or may designate an officer to appoint, such other officers as the business of the Association may require. Subordinate officers shall only have the authority to perform such duties as are provided in the Bylaws or as the Board may from time to time determine.

7.4 Removal and Resignation: 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 at 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.



7.5 Vacancies: A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the Bylaws for regular appointments to such office.

7.6 Chairman of the Board: The chairman of the board, if there be such an officer, shall, if present, preside at all meetings of the Board, and exercise and perform such other powers and duties as may be from time to time assigned to him by the Board or prescribed by the Bylaws.

7.7 President: Subject to such supervisory powers, if any, as may be given by the Board to the chairman of the board, if there be such an officer, the President shall be the chief executive officer of the Association and shall, subject to the control of the Board, have general supervision, direction and control of the business and officers of the Association. He shall preside at all meetings of the Members and in the absence of the chairman of the board, or if there be none, at all meetings of the Board. He shall be an ex officio Member of all standing committees and shall have the general powers and duties of management usually vested in the office of president of a corporation and shall have such other powers and duties as may be prescribed by the Board or the Bylaws.

7.8 Vice President(s): In the absence or disability of the president, the vice presidents in order of their rank as fixed by the Board (or if not ranked, the vice president designated by the Board) 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 presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board or the Bylaws.

7.9 Secretary and Assistant Secretary: The secretary shall keep, or cause to be kept, at the principal office of the Association or such other place as the Board may order, a book of minutes of all meetings of Directors and Members showing (i) the time and place of holding; (ii) whether regular or special, and if special, how authorized; (iii) the notice thereof given; (iv) the names of those present at the Directors' meetings; (v) the number of Members present or represented at the Members' meeting; and (vi) the proceedings thereof.

7.9.1 The secretary shall keep, or cause to be kept, at the principal office of the Association or at such other place as the Board may designate, a Membership book showing the names and addresses of the Members and the date on which Membership ceased.

7.9.2 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 statute to be given; and he shall keep the seal of the Association in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

7.9.3 The assistant secretary, if there shall be such an officer or if there be more than one, the assistant secretaries in the order determined by the Board (or if there be no such determination, then in the order of their appointment), shall, in the absence of the secretary or



in the event of his inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the Board may from time to time prescribe.

**7.10 Treasurer and Assistant Treasurer:** The treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses and surplus. The books of account shall at all reasonable times be open to inspection by any Director.

**7.10.1** The treasurer shall deposit all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. He 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 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.

**7.10.2** If required by the Board, the treasurer shall give the Association a bond in such sum and with such surety or sureties as shall be satisfactory to the Board for the faithful performance of the duties of his office and for the restoration to the Association, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property, of whatever kind in his possession or under his control belonging to the Association.

**7.10.3** The assistant treasurer, if there shall be such an officer or if there shall be more than one (1), the assistant treasurers in the order determined by the Board (or if there be no such determination, then in the order of their appointment), shall, in the absence of the treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the Board may from time to time prescribe.

#### Article 8

#### COMMITTEES

**8.1 Architectural Control Committee:** The Association shall have an Architectural Control Committee for the purpose of advising the Board of Directors on matters of structural and landscaping architecture and design within the Project. The Architectural Control Committee shall consist of three (3) members.

**8.1.1** The Architectural Control Committee shall initially consist of three (3) members of the Board. If a sufficient number of Owners desire to sit on the Committee, then the Board of Directors shall appoint all of the members of the Committee and all replacements.

8.1.2 Any vacancy on the Architectural Control Committee by reason of death, resignation or removal by the Board shall be promptly filled by the Board with a Member(s) of the Association. Members appointed to the Architectural Control Committee by the Subdivider need not be Members of the Association.

8.2 Executive and Other Committees: The Board may appoint an Executive Committee, and such other committees as may be necessary from time to time, consisting of two (2) or more Directors and with such powers as it may designate, consistent with the Articles, these Bylaws and the laws of the State of California. Such committees shall hold office at the pleasure of the Board and need not be reappointed annually.

8.2.1 Creation of such committees shall be by resolution adopted by a majority of the number of Directors in office, provided that a quorum is present. Appointments to such committees shall be by a majority vote of the Directors.

#### Article 9

##### ASSOCIATION RECORDS AND REPORTS: INSPECTION

9.1 Records: The Association shall maintain adequate and correct accounts, books and records of its business and properties. The Association shall also maintain current copies of the Declaration, Bylaws and other rules concerning the Project. All such books, records, accounts and documents shall be kept at its principal place of business in the State of California or at such other place as may be designated by the Board from time to time.

9.2 Inspection of Books and Records: The Membership register (which includes mailing addresses and telephone numbers), the books of account, minutes of proceedings of the Association, of the Board of Directors, of the executive committee and of other committees of the Association shall (upon the written demand of any Member of the Association) be made available for inspection and copying by such Member or his duly appointed representative at any reasonable time, for a purpose reasonably related to such Member's interests as a Member, at the office of the Association or at such other place within the Project as the Board shall prescribe. In addition, the Declaration, Bylaws and rules concerning the Project, as well as the books, records and financial statements for the Project shall (upon written demand) be open to inspection and copying by such Member or by holders, insurers and guarantors of first mortgages that are secured by Units in the Project, at any reasonable time, for a purpose reasonably related to their interest therein, at the location set forth above. All of the foregoing documents, books and records shall be exhibited at any time when required by the demand at any Members' meeting of five percent (5%) of the Members represented at such meeting.

9.2.1 Each Director shall have an absolute right, at any reasonable time, to inspect, make extracts, and copy the aforementioned documents, books and records and to inspect the physical properties owned or controlled by the Association.



9.2.2 An inspection demand other than at a Members' meeting shall be made in writing upon the president, secretary or assistant secretary of the Association. The Board shall establish reasonable rules with respect to (i) hours and days of the week when such an inspection may be made; (ii) payment of the cost of reproducing copies of such documents, books and records requested by a Member; and (iii) notice to be given to the custodian of the records by the Member desiring to make the inspection.

9.3 Certification and Inspection of Bylaws: The original or a copy of these Bylaws as amended or otherwise altered to date, certified by the secretary, shall be open to inspection by Members at the Association's principal office at all reasonable times during office hours.

9.4 Checks, Drafts, Etc.: 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 and in such manner as shall be determined from time to time by resolution of the Board.

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

9.6 Financial Reports: The following financial and related information shall be regularly prepared and distributed by the Governing Body to all Members of the Association:

9.6.1 A pro forma operating budget for the immediately ensuing fiscal year, consisting of at least the following information, shall be distributed not less than forty-five (45) days and not more than sixty (60) days prior to the beginning of the Association's fiscal year.

9.6.1.1 The estimated revenue and expenses on an accrual basis.

9.6.1.2 The amount of the Association's total cash reserves based upon the most recent review or study conducted pursuant to Civil Code Section 1365.5, which shall be printed in bold type and include all of the following:

(a) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component.

(b) As of the end of the fiscal year for which the study is prepared:

(i) The current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the major components.



(ii) The current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain major components.

(c) The percentage that the amount determined for purposes of clause (ii) of subparagraph (b) is of the amount determined for purposes of clause (i) of subparagraph (b).

9.6.1.3 A statement as to whether the Board of Directors has determined or anticipates that the levy of one or more special assessments will be required to repair, replace, or restore any major component or to provide adequate reserves therefor.

9.6.1.4. A general statement addressing the procedures used for the calculation and establishment of those reserves to defray the future repair, replacement or additions to those major components of the Project which the Association is obligated to maintain.

9.6.2 A balance sheet - as of an accounting date which is the last day of the month closest in time to six (6) months from the date of closing of the first sale of an interest in the Subdivision and an operating statement for the period from the date of the first closing to the accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the number of the Subdivision Interest and the name of the Owner assessed.

9.6.3 An annual report to be sent to Members within one hundred twenty (120) days after the close of the Association's fiscal year, consisting of the following: (i) a balance sheet as of the end of the fiscal year; (ii) an operating (income) statement for the fiscal year; (iii) a statement of changes in financial position for the fiscal year; (iv) a brief description of any transaction (excluding compensation of officers and Directors) covered by Section 8322 of the Corporations Code during the previous fiscal year involving more than Fifty Thousand Dollars (\$50,000.00), or which was one of a number of such covered transactions in which the same interested person had a direct or indirect material financial interest, and which transactions in the aggregate involved more than Fifty Thousand Dollars (\$50,000.00); (v) the names of the interested persons involved in such transactions, stating such person's relationship to the Association, the nature of such person's interest in the transaction and, where practicable, the amount of such interest, provided, that in the case of a transaction with a partnership of which such person is a partner, only the interest of the partnership need be stated; and (vi) a brief description of the amount and circumstances of any indemnifications or advances aggregating more than Ten Thousand Dollars (\$10,000.00) paid during the fiscal year to any Director pursuant to Section 7237 of the Corporations Code.

9.6.3.1 The annual report referred to in Section 9.6.3 shall be prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy for any fiscal year in which the gross income to the Association exceeds Seventy-Five Thousand Dollars (\$75,000.00). A copy of the review of the

financial statement shall be distributed within one hundred twenty (120) days after the close of each fiscal year.

**9.6.3.2** If the annual report referred to in Section 9.6.3 is not required to be prepared by a licensee of the California State Board of Accountancy as set forth in Section 9.6.3.1, it shall be accompanied by the certificate of an authorized officer of the Association that the statement was prepared from the books and records of the Association, without independent audit or review.

**9.6.3.3** Any mortgage holder may, at their own expense, cause an audited statement to be prepared when no audited statement is available.

**9.6.4** In addition to financial statements, a statement describing the Association's policies and practices in enforcing lien rights or other legal remedies for default in payment of its assessments against its Members shall be annually delivered to the Members during the sixty (60) day period immediately preceding the beginning of the Association's fiscal year.

**9.7 Initial Financial Report:** The Board of Directors shall cause an initial financial report to be sent to Members not later than sixty (60) days after the close of an accounting period which shall close on the last day of the month closest in time to six (6) months after the sale and conveyance by Subdivider of the first Unit in the Project.

**9.7.1** The initial financial report shall include (i) a balance sheet as of such closing date; (ii) a statement of cash receipts and disbursements for the accounting period ended on such closing date; and (iii) a schedule of assessments received and receivable itemized by Unit number and by the name of the Owner(s) so assessed.

**9.8 Distribution of Financial Statements:** All financial statements for the Association shall be regularly prepared and distributed to all Members regardless of the number of Members or the amount of assets of the Association. However, in lieu of the distribution of the pro forma operating budget required by Subsection 9.6.1, the Board may elect to distribute a summary of the pro forma operating budget to all its Members with a written notice that the pro forma operating budget is available at the business office of the Association or at another suitable location within the boundaries of the development and that copies will be provided upon request and at the expense of the Association. If any Member requests that a copy of the pro forma operating budget required by Subsection 9.6.1 be mailed to the Member, the Association shall provide the copy to the Members by first-class United States mail at the expense of the Association and delivered within five (5) days. The written notice that is distributed to each of the Association Members shall be in at least ten-point (10-point) bold type on the front page of the summary of the budget.



Article 10

OPERATING AND RESERVE ACCOUNTS

10.1 Quarterly Review: The Board shall do the following not less frequently than quarterly:

10.1.1 Cause a current reconciliation of the Association's operating accounts to be made and review the same.

10.1.2 Cause a current reconciliation of the Association's reserve accounts to be made and review the same.

10.1.3 Review the current year's actual reserve revenues and expenses compared to the current year's budget.

10.1.4 Review the most current account statements prepared by the financial institution where the Association has its operating and reserve accounts.

10.1.5 Review an income and expense statement for the Association's operating and reserve accounts.

10.2 Limited Use of Reserve Funds: The Board of Directors shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components which the Association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established. However, the Board may authorize the temporary transfer of money from a reserve fund to the Association's general operating fund to meet short-term cash flow requirements or other expenses. The transferred funds shall be restored to the reserve fund within three years 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 interest of the Condominium Project, delay the restoration until the time which the Board reasonably determines to be necessary. The Board shall exercise prudent fiscal management in delaying restoration of these funds and in restoring the expended funds to 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. This special assessment is not subject to the limitations imposed by California Civil Code Section 1366.

10.3 Reserve Study: At least once every three years the Board of Directors shall cause a study of the reserve account requirements of the Project to be conducted if the correct replacement value of the major components which the Association is obligated to repair, replace, restore, or maintain is equal to or greater than one-half (1/2) of the gross budget of the Association for any fiscal year. 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. As used in this section, "reserve accounts" means money that the



Board of Directors has identified for use to defray the future repairs or replacement of, or additions to those major components which the Association is obligated to maintain and "reserve account requirements" means the estimated funds which the Association's Board of Directors has determined are required to be available at a specified point in time to repair, replace, or restore those major components which the Association is obligated to maintain. The study required by this Section shall at a minimum include:

10.3.1. Identification of the major components which the Association is obligated to repair, replace, restore, or maintain which, as of the date of the study, have a remaining useful life of less than thirty (30) years.

10.3.2. Identification of the probable remaining useful life of the components identified in Section 10.3.1. as of the date of the study.

10.3.3. An estimate of the cost of repair, replacement, restoration, or maintenance of each major component identified in Section 10.3.1. during and at the end of its useful life.

10.3.4. An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain each major component during and at the end of its useful life, after subtracting total reserve funds as of the date of the study.

#### Article 11

##### CORPORATE SEAL

11.1 Seal: The Association's corporate seal shall be circular in form, and shall have inscribed thereon the name of the Association, the date of its formation and the word "California."

#### Article 12

##### AMENDMENTS TO BYLAWS

12.1 By Members: New Bylaws may be adopted or these Bylaws may be repealed or amended at the annual meeting of Members, or at any other meeting of Members called for that purpose in which a quorum is present, by a vote of Members as follows:

12.1.1 More than fifty percent (50%) of the voting power of the Association; and

12.1.2 At least a bare majority of the votes of Members other than the Subdivider. Notwithstanding the above, the percentage of a quorum or of the voting power of the Association or of Members other than the Subdivider necessary to amend a specific clause or provision shall

be the prescribed percentage of affirmative votes required for action to be taken under that clause.

12.2 No Amendment by Directors: Anything contained herein to the contrary notwithstanding, the Board shall not have any right or power to adopt, amend or repeal any of these Bylaws.

12.3 Record of Amendments: Whenever an amendment or new Bylaw is adopted, it shall be copied in the appropriate place in the book of Bylaws with the original Bylaws. 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.

Notwithstanding the provisions above, the percentage of a quorum or of the voting power of the Association or of Members other than the Subdivider necessary to amend a specific clause or provision in the Articles shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

#### CERTIFICATION

The undersigned does hereby certify that:

I am the duly elected and acting secretary, as of the date hereinbelow set forth, of United Housing Corporation, Inc., (hereinafter "Association"); and

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the Association this \_\_\_\_ day of \_\_\_\_\_, 1995.

\_\_\_\_\_, Secretary