

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 election to the Board be named in the proxy or written ballot. The proxy or written ballot shall provide that, where the Member specifies 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.

ARTICLE VI.
DIRECTORS

Section 6.1 **Number, Qualifications, Term Of Office.** The affairs of the Association shall be managed by a Board of five (5) Directors each of whom must be a Member of the Association or representative of Declarant designated by Declarant. At the organization meeting, the Members shall elect five (5) Directors, 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. Such new Directors shall serve for a term of two (2) years or until the later election of their successors. From and after the first election of the Board by the Members of the Association and for so long as a majority of the voting power of the Association resides in Declarant, at least one (1) member of the Board shall be elected solely by the votes of the Members other than Declarant. Prior to the organization meeting, and thereafter until their successors are elected, the Incorporator of the Association or the first Directors appointed by the Incorporator shall serve as Directors of the Association. The number of Directors may be increased or decreased from time to time, but in no event shall the number of Directors be less than three (3), by an amendment to these Bylaws by the Members as hereinafter provided in these Bylaws.

Section 6.2 **Nominating Committee.** The President of the Association shall appoint a committee to select qualified candidates for election to the Board at least ninety-five (95) days before the date of the election, and the Secretary shall forward to each Member, with the notice of meeting required by Section 5.2, a list of candidates nominated, by office.

Members representing five percent (5%) of the membership may nominate candidates for directorships at any time before the fiftieth (50th) day preceding such election. On timely receipt of a petition signed by the required number of Members, the Secretary shall cause the names of the candidates named on it to be placed on the ballot along with those candidates named by the nominating committee. At the meeting to elect Directors, any Member present at the meeting, in person or by proxy, may place names in nomination.

Section 6.3 **Removal, Vacancies And Resignation.** 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, by a majority of the total votes present at such meeting either in person or by proxy, and entitled to vote, *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 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 total 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. 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 term of office only by the vote of at least a simple majority of the voting power residing in Members other than Declarant.

A vacancy or vacancies shall be deemed to exist in case of the death, 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 Director so provided for, or in the event the Members fail at any time to elect the full number of authorized Directors. Except for a vacancy created by removal of a Director, vacancies on the Board may be filled by a majority of Directors then in office, whether or not less than a quorum, or by a sole remaining Director. In the event of an increase in the authorized number of Directors, no more than one Director may be appointed by the Board, rather than elected by the Members, to fill a vacancy created thereby. The Members may elect a Director at any time to fill any vacancy not filled by the Directors.

A vacancy in the Board created by the removal of a Director shall be filled by a majority of each class of Members including a majority of Members other than Declarant, at a duly called special meeting, and each Director so elected shall hold office until his successor is elected at an annual meeting of Members or at a special meeting duly called for that purpose.

Any Director may resign effective upon giving written notice to the President, the Secretary or the Board, unless the notice specifies a later time for the effectiveness of such resignation. If the Board accepts the resignation of a Director tendered to take effect at a future time, the Board shall have the power to elect a successor to take office when the resignation shall become effective.

In the event that any Member of the Board shall be absent from four (4) consecutive regular meetings of the Board of Directors, the Board may, by action taken at the meeting during which said fourth absence occurs, declare the office of said absent Director to be vacant.

Section 6.4 **Place Of Meeting.** All meetings of the Board shall be held within the Development if reasonably possible, otherwise at a place as close thereto as reasonably possible and within the County of Riverside, as designated at any time by resolution of the Board or by written consent of a majority of the members of the Board.

Section 6.5 **Organization Meeting Of The Board.** Immediately following the organization meeting and each annual meeting of the Members, the Board shall hold a regular meeting at the same place for the purpose of organization, election of Officers and the transaction of other business. Notice of such meeting is hereby dispensed with.

Section 6.6 **Other Regular Meetings.** Other regular meetings of the Board shall be held at a time and at such place within the Development or as close thereto as reasonably possible, which place may be designated by the Board from time to time. Notice of the time and place of such meeting shall be posted at a prominent place or places within the Common Areas

and shall be communicated to each Director not less than four (4) days prior to the meeting. Regular meetings of the Board shall be held at least once every three (3) months.

Section 6.7 **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 is absent or unable or refuses to act, by any Vice President or by any two Directors.

Notice of the time and place of special meetings and of the nature of any special business to be considered shall be given to each Director either (a) by written notice given by first-class mail at least ninety-six (96) hours prior to the scheduled time of such meeting, or (b) by telephone notice or written notice delivered personally or by telegraph at least seventy-two (72) hours prior to the meeting; *provided* notice need not be given to any Director who signs a waiver of notice or a written consent to the holding of the meeting. Notice of the time and place of all special meetings shall be posted at a prominent place or places within the Common Areas no later than seventy-two (72) hours prior to the meeting.

Whenever any Director has been absent from any special meeting of the Board and notice of such meeting has been duly given to such Director, an entry in the minutes to the effect that notice has been duly given shall be made.

Section 6.8 **Meetings By Telephone**. Any meeting, 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 a meeting at which other members of the Board are physically present, 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 6.9 **Quorum Requirement, Waiver Of Notice**. The transaction of any business at any meeting of the Board, however called and noticed, or wherever held, shall be as valid as though made at a meeting duly held after regular call and notice, if a quorum is present, unless a quorum is expressly not required pursuant to these Bylaws, 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. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

Section 6.10 **Action Without Meeting**. Any action required or permitted to be taken by the Board by law, according to the Articles or according to these Bylaws or the Declaration may be taken without a meeting, if all members of the Board 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.

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 Areas within three days after the written consents of all Directors have been obtained.

Section 6.11 **Quorum**. A majority of the Board shall constitute a quorum thereof. Every act done or decision made by a majority of the Directors present at a meeting duly held at

which a quorum is present, in person or by telephone, shall be regarded as the act of the Board, unless the provisions of these Bylaws, the Articles or the Declaration (especially those provisions relating to (i) approval of contracts or transactions in which a Director has a direct or indirect material financial interest, (ii) appointment of committees, and (iii) indemnification of Directors) shall require or permit the particular action involved to be taken by the Board under other circumstances.

Section 6.12 **Adjournment**. A quorum of the Directors may adjourn any Directors' meeting to meet again at a stated day and hour; *provided, however*, that in the absence of a quorum, a majority of the Directors present at the Directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board. Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

Section 6.13 **Open Meetings**. Regular and special meetings of the Board shall be open to all Members of the Association *provided, however*, that Members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board. Any Member may request to be and shall be connected to a meeting by telephone conference call. If the number of Members requesting such connection makes the telephone conference call impractical or impossible, a telephone conference meeting may not be held.

The Board may, with the approval of a majority of a quorum of its members, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, formation of contracts with third parties and orders of business of a similar nature. In any matter relating to the discipline of a Member, the Board shall meet in executive session if requested by such Member, and such Member shall be entitled to attend such executive session. The nature of any and all business to be considered in executive session shall first be announced in open session and generally noted in the minutes of the Board.

Section 6.14 **Compensation**. No Director of the Association shall receive any salary or other compensation for services rendered as a Director or Officer of the Association. However, Directors and Officers shall be reimbursed for expenses incurred in connection with the business of the Association and authorized by the Board. Nothing herein shall preclude any Director from serving the Association in any capacity other than as an Officer or a Director and receiving compensation therefor as authorized and approved by the Board. Any Director 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 6.15 **Committees**. The Board shall have the power to appoint an Executive Committee and other committees and to delegate to such committees any of the powers and authority of the Board in the management of the business and affairs of the Association except the power to:

- (a) adopt, amend or repeal the Bylaws or the Articles of Incorporation;
- (b) fill vacancies on the Board or in any committee which has the authority of the Board;
- (c) amend or repeal any resolution of the Board which by its express terms is not so amendable or repealable;
- (d) appoint any other committees of the Board or the members of these committees; and
- (e) approve any transaction (1) to which the Association is a party and one or more Directors have a material financial interest, or (2) between the Association and one or more of its Directors, or (3) between the Association and any entity in which one or more of its Directors have a material financial interest.

Each Committee shall be composed of two (2) or more Directors (one member of the Executive Committee shall be the President) and shall keep regular written minutes of the proceedings and report the same to the Board.

Section 6.16 **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, or a portion or percentage thereof, 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.

ARTICLE VII. OFFICERS

Section 7.1 **Enumeration Of Officers.** The Officers of the Association shall be a President, a Vice President, a Secretary, a 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 Chief Financial Officer may serve concurrently as the President. The President, Vice President and Secretary shall be members of the Board. The Chief Financial Officer may be, but need not be a member of the Board.

Section 7.2 **Subordinate Officers.** The Board may appoint, and may authorize the President or another Officer to appoint, any other Officers that the business of the Association may require, each of whom shall have the title, hold office for the period, have the authority, and perform the duties specified in these Bylaws or determined from time to time by the Board.

Section 7.3 **Election.** The initial Officers shall be chosen by a majority vote of the Directors at the first meeting of the Board, and thereafter, Officers shall be removed or chosen at any subsequent meeting of the Board by a majority vote of the total number of Directors on the Board.

Section 7.4 **Term.** All Officers shall hold office at the pleasure of the Board.