

The Member whose voting rights are being sought to be suspended or against whom monetary penalties are sought to be imposed shall be entitled to appear at such meeting not less than five (5) days before the effective date of the suspension or imposition of monetary penalties and present his case as to why voting rights should not be suspended or such monetary penalties should not be imposed. The decision as to whether such rights should be suspended or such monetary penalties should be imposed shall be made by a majority of the members of the Board present at such meeting and shall be binding upon all Members. No action taken at such meeting shall be effective unless a quorum of the Board is present. No suspension of voting rights or imposition of monetary penalties shall be effective unless and until written notice has been given to the Member of the suspension or imposition of monetary penalties and the reason(s) therefor and the effective date of such suspension or imposition of monetary penalties is indicated in said notice. The Member may challenge such suspension or imposition of monetary penalties as described in Section 7341(e) of the California Nonprofit Mutual Benefit Corporation Law.

The remedies described above shall not limit the right of the Board to establish a schedule of late payment charges to be imposed on any Member for nonpayment of assessments. Said late charges shall be separate and in addition to the remedies described above.

ARTICLE V. MEETINGS OF MEMBERS

Section 5.1 **Place Of Meeting, Procedure.** All meetings of the Members shall be held within the Development or as close thereto as may be practical. Without limiting the foregoing, unless unusual conditions exist, meetings of the Members shall be held within the County. All meetings of the Members shall be conducted in accordance with a recognized system of parliamentary procedure as the Board may adopt.

Section 5.2 **Annual Meeting Of Members.** The annual meeting of Members shall be held each year in the same month in which the organization meeting as hereinafter provided for was held, commencing with the year immediately following the year during which the organization meeting as hereinafter provided for is held. An organization meeting shall be held within forty-five (45) days after recordation of the deed for the sale of the Lot representing the fifty-first (51st) percentile interest to be sold in the Development, but in no event later than six (6) months following the recordation of a deed evidencing the initial sale and conveyance by the Declarant of a Lot within the Development. At the organization meeting, and at all subsequent annual meetings as required, the Members shall elect a Board of Directors by secret written ballot in accordance with the requirements of these Bylaws. The Members may also transact such other business of the Association as may properly come before them at such organization or annual meeting.

Written notice of both the organization meeting and each annual meeting shall be given to each Member by the Secretary or, in the case of the organization meeting only, by the Declarant, in the manner hereinafter provided. All such notices of any organization or annual meeting shall be sent to each Member not less than ten (10) days and not more than ninety (90) days before such meeting, and shall specify the place, the day and the hour of such meeting and shall generally state those matters which the Board, at the time of mailing of the

notice intends to present for action by the Members (but any proper matter may be presented for action at such meeting). The notice of any meeting at which Directors are to be elected shall include the names of those who are nominees at the time the notice is sent to Members.

Section 5.3 **Special Meetings**. Special meetings of Members, for any purpose or purposes whatsoever, may be called at any time by the President of the Association or by any two Members of the Board, and the Board shall promptly schedule a special meeting in response to a written request for a special meeting signed by Members representing at least five percent (5%) of the total voting power of all Members or any two (2) or more Directors; provided, that no special meeting may be held or called prior to the organization meeting. Except in special cases where other express provision is made by statute, these Bylaws or the Declaration, notice of such special meetings shall be given in the same manner as for annual meetings and may be given by any person or persons entitled to call such meeting. Notices of any special meetings shall specify in addition to the place, day and hour of such meeting, the general nature of the business to be transacted (and no other business may be transacted).

If a special meeting is requested by Members, the request shall be submitted by such Members in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the President, any Vice President or the Secretary of the Association. The Officer receiving the request shall cause notice to be promptly given to the Members entitled to vote, that a meeting will be held, and the date for such meeting, which date shall be not less than ten (10) nor more than ninety (90) days following the receipt of the request. If the notice is not given within twenty (20) days after receipt of the request, the persons requesting the meeting may give the notice. Nothing contained in this paragraph shall be construed as limiting, fixing or affecting the time when a meeting of Members may be held when the meeting is called by action of the Board.

Section 5.4 **Notice Of Certain Agenda Items**. If action is proposed to be taken at any meeting for approval of any of the following proposals, the notice shall also state the general nature of the proposal. Member action on such items is invalid unless the notice or written waiver of notice states the general nature of the proposal(s):

- (a) Removing a Director without cause;
- (b) Filling vacancies on the Board by the Members;
- (c) Amending the Articles;
- (d) Increasing the Common Areas of the Development;
- (e) Adopting a contract or transaction in which a Director has a material financial interest; and
- (f) Approving a plan of distribution of assets, other than cash, in liquidation when the Association has more than one class of memberships outstanding.

Section 5.5 **Manner Of Giving Notice.** Notice of any meeting of the Members shall be given either personally or by first-class mail, telegraphic or other written communication, charges prepaid, addressed to each Member either at the address of any Lot in the Development owned by the Member or the address given by the Member to the Association for the purpose of notice. If no address appears on the Association's books and no other has been given and the Member does not reside in any Lot owned by him, notice shall be deemed to have been given if either (i) notice is sent to that Member by first-class mail or telegraphic or other written communication to the Association's principal executive office, or (ii) notice is published at least once in a newspaper of general circulation in the county where that office is located. Notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by telegram or other means of written communication or two (2) business days after being deposited in the United States mail. An affidavit of the mailing or other means of giving any notice of any Members' meeting may be executed by the Secretary, Assistant Secretary, or any other party of the Association giving the notice, and if so executed, shall be filed and maintained in the minute book of the Association.

Section 5.6 **Adjourned Meetings And Notices Thereof.** Any membership meeting, organization, annual or special, whether or not a quorum is present, may be adjourned from time to time by the affirmative vote of a majority of the votes entitled to be cast and represented at such meeting in person or by proxy, but in the absence of a quorum, no other business may be transacted at any such meeting unless these Bylaws or the Declaration otherwise provide.

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. No meeting may be adjourned for more than forty-five (45) days. Except as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting, other than by an announcement at the meeting at which such adjournment is taken.

Section 5.7 **Quorum.** The presence either in person or by proxy at a Members' meeting of Members representing and entitled to cast more than twenty-five percent (25%) of that number of votes (the "**Net Total Votes**") which is equal to the difference between the total number of votes in the Association and the number of votes as to which voting rights are suspended at the time of the subject meeting in accordance with these Bylaws, shall constitute a quorum for any action by the Members, unless a different requirement is imposed by these Bylaws, the Articles or the Declaration, and a majority of the Net Total Votes present at a meeting at which a quorum is present shall prevail at such meeting unless a different percentage is required by these Bylaws, the Articles or the Declaration. Subject to the provisions of Section 5.4 and unless otherwise expressly authorized by these Bylaws or the Declaration, all action required or permitted to be taken by the Members may be taken only at a duly called and properly noticed organization, annual or special meeting at which a quorum is present.

The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members so that less than a quorum is present if any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum.

If any meeting cannot be held because a quorum is not present, a majority of the Members present either in person or by proxy and entitled to vote, may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called at which meeting the quorum requirement shall be fifteen percent (15%) of the Net Total Votes.

Section 5.8 **Consent Of Absentees**. The transactions of any meeting of Members, either organization, annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the Members entitled to vote and not present in person or by proxy signs a written waiver of notice or a consent of the holding of such meeting or an approval of the minutes thereof. The waiver of notice or consent need not specify either the business to be transacted or the purpose of any annual or special meeting of Members, except that if action is taken or proposed to be taken for approval of any of the matters specified in Section 5.4, the waiver of notice or consent shall state the general nature of the proposal. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 5.9 **Waiver By Attendance**. Attendance by a person at a meeting shall also constitute a waiver of notice of that meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business due to the inadequacy or illegality of the notice. Also, attendance at a meeting is not a waiver of any right to object to the consideration of matters required to be so included in the notice of the meeting, if that objection is expressly made at the meeting.

Section 5.10 **Action Without Meeting**. Any action other than the election of Directors, which under the provisions of the California Nonprofit Mutual Benefit Corporation Law may be taken at a meeting of the Members, may be taken without a meeting and without prior notice if (a) the written ballot of every Member is solicited specifying the proposed action and providing an opportunity to specify approval or disapproval of any proposal, (b) the required number of signed approvals in writing, setting forth the action so taken, is received, (c) the number of ballots cast within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and (d) the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

Ballots shall be solicited in a manner consistent with the requirements of subdivision (b) of Section 7511 and Section 7514 of the California Nonprofit Mutual Corporation Benefit Law. All such solicitations shall indicate the number of responses needed to meet the quorum requirement and shall state the percentage of approvals necessary to pass the measure submitted. The solicitation must specify the time by which the ballot must be received in order to be counted.

Subject to Sections 7611 and 7613 of the California Nonprofit Mutual Benefit Corporation Law, any Member casting a ballot, or the proxyholders of a Member or a transferee of a membership or a personal representative of the Member or their respective proxyholders, may revoke the ballot, or substitute another, by a writing received by the

Association prior to the time specified in the solicitation pursuant to the preceding paragraph, but may not do so thereafter. Such revocation is effective upon its receipt by the Secretary of the Association.

Section 5.11 **Record Date**. The Board of Directors may fix a date in the future as a record date for the determination of the Members entitled to notice of and to vote at any meeting of Members.

To determine the Members entitled to notice of and to vote at any meeting of Members, the record date shall not be more than sixty (60) days nor less than ten (10) days prior to the date of the meeting. When a record date is so fixed, only Members of record on that date shall be entitled to notice of and to vote at the meeting, notwithstanding any transfer of or issuance of membership certificates on the books of the Association after the record date. If no record date is fixed, Members at the close of business on the business day preceding the day on which notice is given or, if notice is waived, at the close of business on the business day preceding the day on which the meeting is held are entitled to notice of and to vote at the meeting of Members.

The record date for determining those Members entitled to vote by written ballot on corporate action without a meeting shall not be more than sixty (60) days before the day on which the first written ballot is mailed or solicited. If no record date is fixed, Members on the day the first written ballot is mailed or solicited who are otherwise eligible to vote are entitled to cast written ballots.

For purposes of this Section, a person holding membership as of the close of business on the record date shall be deemed the Member of record.

Section 5.12 **Proxies**. Every person entitled to vote or execute consents shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such person or his duly authorized agent and filed with the Secretary of the Association prior to the commencement of the meeting at which the proxy is to be exercised. A validly executed proxy that does not state that it is irrevocable shall continue in full force and effect unless (i) revoked by the Member executing it, before the vote cast pursuant to that proxy, by a writing delivered to the Association stating that the proxy is revoked by a subsequent proxy executed by such Member, or by personal attendance and voting at a meeting by such Member, or (ii) if written notice of the death or incapacity of the maker of the proxy is received by the Association before the vote pursuant to that proxy is counted; *provided, however*, that no proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy, except that the maximum term of any proxy shall be three (3) years from the date of execution. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of the California Nonprofit Mutual Benefit Corporation Law. In any election of Directors, any form of proxy that is marked by a Member "withhold," or otherwise marked in a manner indicating that the authority to vote for the election of Directors is withheld, shall not be voted either for or against the election of a Director. Failure to comply with this paragraph shall not invalidate any corporation election taken, but may be the basis for challenging the proxy at a meeting. 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 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