

Lot; or (b) after the expiration of eleven (11) months from the date of its execution, unless otherwise provided in the proxy, except that the maximum term of the proxy shall be three (3) years from the date of execution. Any form of proxy or written ballot distributed to the membership of the Association shall afford a Member the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon at the meeting for which said proxy was distributed, except it shall not be mandatory that a candidate for election to the Board be named in a proxy. 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 shall be valid. No proxy shall be valid with respect to a vote on any matters described in Section 7613(g) of the California Corporations Code, unless the general nature of the matter to be voted on is set forth in the proxy.

ARTICLE 4

MEETINGS OF MEMBERS

4.1 Place of Meetings. The meetings of the Members shall be held at the Project or as may be designated by the Board.

4.2 Organizational and Annual Meetings. The first meeting of the Association, whether a regular or special meeting, shall be held no later than six (6) months after the first close of an escrow for the sale of a Lot. Thereafter, regular meetings of Members of the Association shall be held not less frequently than once each calendar year on or about the anniversary date of the first annual meeting as fixed by resolution of the Board. At such meetings there shall be elected, by ballot of the Members, a Board in accordance with the requirements of the Article herein entitled "Nomination and Election of Directors." The Members may also transact such other business of the Association as may properly come before them.

4.3 Special Meetings. A special meeting of the Members of the Association shall be called by the Board upon:

a. The vote for such meeting by a majority of a quorum of the Board; or

b. Receipt of a written request therefor signed by Members representing at least five percent (5%) of the total voting power of the Association.

The Board shall cause the special meeting to be held not less than thirty-five (35) days nor more than ninety (90) days after adoption of a resolution to hold such a meeting or receipt of the written request for said meeting.

No business shall be transacted at a special meeting except as stated in the notice, unless by consent of a quorum of the Owners present, either in person or by proxy.

4.4 Order of Business. Meetings of Members shall be conducted in accordance with a recognized system of parliamentary procedure (e.g., Robert's Rules of Order), or such parliamentary procedures as the Association may adopt. The order of business at all meetings of Members shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of offices; (e) reports of committees; (f) old (unfinished) business of the Association; and (g) new business of the Association.

4.5 Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting by mailing a copy of such notice by first class mail, postage prepaid. Except in emergency situations, not less than ten (10) days nor more than thirty (30) days notice of any meeting at which Members are required or permitted to take action shall be provided to each Member, addressed to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, those matters which the Board, at the time the notice is sent, intends to present for action by the Members, if any, but, except as otherwise provided by law, any proper matter may be presented at the meeting for action. In the case of a special meeting, the nature of the business to be undertaken at the meeting shall be set forth in the Notice.

4.6 Quorum; Adjourned Meetings. The presence, in person or by proxy, of Owners holding at least fifty-one percent (51%) of the voting power of the Association shall constitute a quorum for the transaction of business at all meetings. In the absence of a quorum at a Members' meeting, a majority of those present, in person or by proxy, may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum shall be to a date not less than five (5) days and not more than thirty (30) days from the original meeting date. Except as may otherwise be required pursuant to the Declaration, the quorum for such a meeting shall be at least twenty-five percent (25%) of the total voting power of the Association present, in person or by proxy. 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.

Except as otherwise provided in the Articles, these By-Laws or the Declaration, any action which may be taken by the Association may be taken by a majority of a quorum of the Members of the Association.

4.7 Determination of Record Date. In the event the Board does not fix a record date, the record date shall be determined in accordance with California Corporations Code, Section 7611, as same may be amended, from time to time.

a. For Notice. Except as otherwise provided in Subsection b. below, the Board shall fix in advance a date as the record date for the purpose of determining the Members entitled to notice of any meeting of the Association at which Members are required or permitted to take action. Such record date shall not be more than ninety (90) days nor less than ten (10) days before the date of the meeting. If the Board fails to fix such record date, the record date for the purpose of determining the Members entitled to notice of any meeting of the Association shall be at 5:00 p.m. on the business day preceding the day on which notice is given. A determination of Members entitled to notice of a meeting of the Association shall apply to any adjournment of the meeting, unless the Board fixes a new record date for the adjourned meeting.

b. To Vote. The record date for the purpose of voting shall not be more than sixty (60) days before the date of the meeting.

4.8 Action Without Meeting. Pursuant to Section 7513 of the California Corporations Code, any action which may be taken by the vote of Members at any regular or special meeting, except the election of Directors where cumulative voting is required, as provided for hereinbelow, may be taken without a meeting if the Association distributes a written ballot to every Member entitled to vote on the matter. Such ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Association, pursuant to Section 7513 of the California Corporations Code, as such may be amended, from time to time. All such written ballots shall be filed with the Secretary of the Association and maintained in the corporate records. Approval by written ballot pursuant to this Section shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and 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. All solicitations of ballots 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 shall specify the time by which the ballot must be received in order to be counted. A written ballot may not be revoked. Directors may not be elected by written ballot under this Section.

4.9 Mortgagee Representation. First Mortgagees shall have the right to attend (without, however, a right to vote) all

regular and special meetings of Members through a representative designated in writing and delivered to the Board.

4.10 Minutes. Minutes or a similar record of the proceedings of meetings of Members, when signed by the President and Secretary, shall be presumed to evidence accurately the matters set forth therein.

ARTICLE 5

BOARD OF DIRECTORS: SELECTION, TERM OF OFFICE

5.1 Number and Qualifications of Directors. The affairs of the Association shall be managed by a Board consisting of five (5) Directors, each of whom, except for those appointed and serving as first Directors, must either be an Owner of a Lot or an authorized agent and representative of Declarant, so long as Declarant owns a Lot in the Project or is entitled to annex any of the Annexation Property to the Project without the vote of Members pursuant to the Declaration. The initial Directors shall be appointed by the incorporator, as designated in the Articles, and shall hold office until the first meeting of the Members, as described in Article 4, Section 4.2, and until their successors are elected. The authorized number of Directors may be changed by a duly adopted amendment to the By-Laws.

5.2 Election and Term of Office. At the first annual meeting of the Association, the Members shall elect the Directors in accordance with the provisions set forth herein. The three (3) Directors receiving the highest number of votes shall each be elected for a term of three (3) years, and the two (2) Directors receiving the next highest number of votes shall be elected for a term of two (2) years. At each annual meeting thereafter, new Directors shall be elected to fill vacancies created by resignations or expiration of the terms of past Directors. Following the first annual meeting, the term of office for each successor Director shall be two (2) years. Any person serving as a Director may be re-elected, and there shall be no limitation on the number of terms which a Director may serve.

5.3 Removal. At any regular or special meeting duly called, any one (1) or more of the Directors may be removed, with or without cause, as provided herein, and a successor may then and there be elected to fill the vacancy so created. Unless the entire Board is removed from office by the vote of Association Members, an individual Director shall not be removed prior to the expiration of his term of office if the number of votes cast against his 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 of