

THE FALLS AT CAMINO BERNARDO

If this document contains any restriction based on race, color, religion, sex, familial status, marital status, disability, national origin, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.1 of the Government Code. Lawful restrictions under the state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

**THE FALLS
AT CAMINO BERNARDO**

RULES AND REGULATIONS

**REVISED
FEBRUARY 21, 2001**

THE FALLS AT CAMINO BERNARDO HOMEOWNERS' ASSOCIATION

PREFACE

In order to maintain an environment in which we can all live peacefully and comfortably, rules and regulations regarding reasonable community behavior must be established and followed. The Rules and Regulations contained within this booklet have been established by the Rules and Regulations Committee (R&RC) as authorized by the Board of Directors (BOD) of The Falls. These rules augment the Covenants, Conditions and Restrictions (CC&R's) which set the ground work for co-operative living within this Condominium project.

ENFORCEMENT

The BOD is authorized to enforce the rules and regulations. Effective enforcement, however, depends upon the homeowner. If you see an infraction, please advise the person observed that they are breaking the rules - they may simply not know that they are. Continued infractions may be (are encouraged to be) reported to the BOD or to the Property Management Company.

Violators will be notified in writing of any complaints against them and given a chance to respond. Continued violation will result in a fine being levied against the homeowner via his Homeowner's Association account. Homeowners are responsible for the actions of their guests or tenants!

DELIVERY AND POLICY CHANGES

For enforcement purposes delivery of this booklet to the owner of record of each unit shall constitute proper and binding notice of the rules and regulations within. Changes and/or addenda to this document may be distributed to owners via U.S. Mail.

DEFINITIONS

CC&R's

The Conditions, Covenants and Restrictions covering the initial rules regarding the property. Also referred to as the "Declaration of Restrictions" given to each homeowner at the time of purchase.

BYLAWS

The Bylaws of the Incorporated Home Owner's Association (HOA). These were also given to each buyer at the time of purchase and are officially titled "Bylaws of The Falls at Camino Bernardo Owners' Association, Inc."

HOA

The Home Owners' Association of The Falls at Camino Bernardo incorporated as "The Falls at Camino Bernardo Owners' Association, Inc.". See CC&R's Section 1.1.3.

DEVELOPMENT

The condominium project, including all phases, of The Falls at Camino Bernardo as described in Section 1.1.22 of the CC&R's.

BOD

Defined as the Board of Directors of the homeowners association (HOA).

MANAGEMENT COMPANY

The HOA employs professional property management firms to handle the everyday business of running, maintaining and repairing, and collecting association dues for the development. The management company maintains the accounts for each homeowner as well as the HOA.

COMMON AREA

"Common Area" shall mean all of the property encompassed in the project that is not part of the inside of your home. All building exteriors and exterior hardware and construction are common area. The pool, spa, and tennis court areas are common area. All grass areas outside of individual patios, all parking lot and street areas is common area. All parking spaces and all storage cabinets in the parking stalls, even though assigned to individual owners for use, are common area. Patio areas, balcony's outside unit steps, entry areas adjacent to front doors and backyard areas are

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Exclusive Use common areas belonging to the Association. Refer to the CC&R's, Section 1.1.7 and Section 1.1.12. Common areas are not considered as playgrounds. There is no provision for playgrounds within the condominium project. There shall not be ball playing within fifteen feet of any Association building or walls. Beyond fifteen feet, the only ball type to be used are a nerf ball, whiffle ball or inflatable beach ball.

MEMBER

A homeowner holding a mortgage or title in a unit of The Falls at Camino Bernardo. See Section 1.1.19 and Section 1.1.21 of the CC&R's.

THE FALLS

The condominium project officially known as The Falls at Camino Bernardo.

R&R'S

Rules and Regulations as proposed and approved by the BOD as empowered by the CC&R's and Bylaws. See Section 6.2.1(i) of the Bylaws and Section 5.3 of the CC&R's. Rules and Regulations may be adopted by the BOD as clarification of, enhancement to, or in addition to articles in the Bylaws and CC&R's.

GENERAL RULES

No resident, owner, tenant guest or invitee shall at any time become abusive or threaten harm, whether verbally, physically, or in writing to any member of the Board of Directors, Committee Members, management, on-site personnel or security personnel. Notwithstanding any right to warnings or notices prescribed elsewhere for violations of Association Rules, the activity described in this section may result in a specially noticed hearing at which a fine may be imposed, common area privileges suspended, or both. Furthermore, depending on the severity of the offense, the Association may seek legal counsel and legal action taken.

1. No homeowner shall permit anything that shall interfere with the rights, comfort, safety or convenience of residents and guests of The Falls. See Section 2.3 of the CC&R's.
2. No obnoxious or offensive activity shall be conducted, nor shall anything be done which may become an annoyance or nuisance to residents.
3. Noise can be a problem at any time. Radios, TVs, musical instruments, power tools, household appliances and party activities and other noise sources must be restricted before 7:00 AM and after 10:00 PM.

Because large areas of concrete (e.g. the buildings) surround parking areas, all sounds bounce around and can be heard quite distinctly in the living units. Racing of automobile or motorcycle engines, loud car radios, tooting of auto horns, and slamming of garbage lids, are disturbing noises to others and are not permitted.

Any member or resident, the security service or management, may make a complaint regarding unreasonable noise. The Board of Directors shall make the ultimate determination of whether the noise was "unreasonable" after considering the matter at a hearing.

The following is an excerpt from the COUNTY ORDINANCES on noise:

Definition of Unnecessary, Excessive, or Offensive Noise: Unnecessary, excessive, or offensive noise shall mean:

Any sound or noise which constitutes a nuisance involving unreasonable discomfort or unreasonable annoyance to any person of normal sensitivity residing in the area.

4. No resident shall deposit any waste or debris in the common area, or do anything that would be in violation of any law, ordinance or governmental rule or regulation.
5. Homeowners are responsible for the behavior of their guests, their children and their children's guests. No personal property should be left in the common areas. Reasonable behavior is expected at all times. Yelling, climbing trees, picking flowers, ball playing,

shouting, riding bicycles, tricycles, skateboards, scooters, roller skates, in-line skates or carts through the grass or planted areas is **not** permitted. The Association encourages the use of neighborhood parks, playgrounds and skating parks for such activities and not the premises.

In order to ensure the safety of all of our children and their guests, parents are strongly encouraged to supervise their children whenever they are outside. Help prevent accidents by keeping a close eye on your children and their guests.

6. No homeowner shall permit any part of the development to be used for commercial or other related purposes.
7. At no time shall a homeowner personally contact a service company about problems with the common areas. The Association will not be responsible for any service company charges resulting from such a contact. Problems should be directed to the Property Management Company, BOD or appropriate committee member.
8. No homeowner has the right to paint, decorate, remodel, landscape or adorn any part or parcel of the common areas or structures except as allowed by the Architectural and/or Landscape Committees. See Section 2.9 of the CC&R's.

Examples of items requiring Architectural Committee approval: television or radio antennas; exterior-type window awnings, sun screens or blinds; plastic, fiberglass, metal or other man made-type materials used as patio or balcony dividers; vertical patio or balcony enclosures; etc.

9. Homeowners' dues are payable the first day of the month. Dues not paid by the fifteenth will automatically be assessed a late charge of \$15.00 by the Management firm. Payments still not received after thirty days will accrue additional charges including, but not limited to, necessary attorney fees. Refer to CC&R's Paragraphs 8.7 through 8.9 for detailed description of the prescribed procedures.
10. **Please inform your tenants, all members of your family and guests of the Rules and Regulations. They are all expected to abide by them.**

Each homeowner is responsible for his/her guests', visitors', and tenants' actions and liable for infractions by them. Homeowner's will insure that tenants are supplied with a copy of the current CC&R's and Rules and Regulations and that the tenants understand they are to be familiar with them. See Sections 2.5 and 2.10 of the CC&R's. Failure of the homeowners to supply their tenants with copies of these documents and to return the Tenant Registration form to the property management company within the specified time will result in a fine to the homeowner.

11. The BOD may revoke the pool, spa, tennis court, exercise room, and/or recreation room privileges for any owner/tenant for repeated or serious infraction of the recreation facility rules; for non-payment of Association dues; or for repeated or serious infraction of any of the Rules and Regulations, CC&R's or by-laws of the Association.
12. Each owner/tenant will be held responsible for any damage done to the common area caused by water damage coming from waterbeds, aquariums, etc.
13. All residents and their guests are prohibited from climbing common area walls, fences, carports, and trees and from walking on hills, ground cover or flowerbeds. Parents are financially responsible for damage caused by their children. See Section 2.10 of the CC&R's.
14. In consideration, please call Management for any normal problems. Do not depend on your Board members to be a "Mr. or Mrs. Fix It" or "Police Officer".

COMMON AREA PARKING AND TRAFFIC

1. Streets within the Association are intended for vehicle and pedestrian ingress and egress only and are not intended for recreational use. Recreational use that poses a danger to the participant, to property within the condominium complex, or to other persons, constitutes a nuisance and a violation of these rules. Management, any member of the Board of Directors or security service shall have the right to demand immediate cessation of such dangerous recreational use.
2. There is absolutely no parking permitted in the red zones. These are fire lanes; illegally parked cars will be towed with no warning at the owner's liability and the owner will receive a notification of impending fine from the Association. Park your car in a manner that does not block other cars or assigned spaces.
3. All residents have one assigned carport space. No parking permit is required for vehicles parked in the assigned carport space, but all vehicles parked in the carport space must be operable and validly licensed and registered. All vehicles parked in an unassigned common area parking space must display a valid Falls at Camino Bernardo parking permit or be subject to a fine or tow. No more than two parking permits will be issued to any unit. In order to obtain one permit, the resident must provide proof of two vehicles belonging to full-time residents in the unit. In order to obtain two parking permits, the resident must provide proof of three vehicles belonging to full-time residents in the unit. If the residents in a unit own more than three vehicles, all vehicles over three must be parked off-site. Permits must be displayed in the lower left corner of the rear window. Permits are not transferable from one vehicle to another. Permits will be issued only for vehicles that are operable and validly licensed and registered.

4. Reckless driving is not permitted within the development. The speed limit anywhere within our common area/parking lots is 10 M.P.H. Children will be playing in the common area – be watchful for them. See Section 2.8 of the CC&R's.
5. No vehicle may remain parked in an unassigned parking space for more than 72 consecutive hours. If you need to leave a vehicle parked for a longer than 72 consecutive hours, the vehicle should be placed in your assigned space. No vehicle may remain parked in any space for longer than 14 consecutive days without being deemed stored. Vehicles in violation of these rules will be towed at the owner's liability. It is the responsibility of the resident to notify the BOD if you will be leaving a car parked while on a trip or vacation. See Section 2.14 of the CC&R's.
6. No vehicle in excess of 3/4 ton may be parked in any location within the complex for more than three hours except under the following circumstances: (See Section 2.6 of the CC&R's.)
 - a) While loading or unloading as with delivery vans, moving vans, etc.
 - b) When such vehicle is parked in connection with, and in aid of, the performance of a service to or on a property.
7. In the above two instances, such vehicles may be parked for three hours in addition to the time necessary for the actual repair or service itself. In no instance however shall such a vehicle block entrance or exit by any homeowner from their unit or parking space.
8. Carports are for the exclusive use of each resident and his/her guests. Each resident is required to keep his or her carport clean. Cabinets are provided for each carport for storage other than flammable or combustible material. Outside storage of any sort is prohibited. No loose items are to be stored on the ground within or adjacent to the homeowner's space. See Section 2.7 of the CC&R's regarding storage of property on balconies, patios and carports.

The following under any circumstances shall not be allowed and would be considered non-harmonious with the general exterior architecture: no hanging or placing of any items on balcony railings or over patio walls. This would include rugs, clothing, blankets/comforters, etc.
9. Skateboards are prohibited within the common area including all sidewalks, streets and parking areas.
10. The parking area is not to be used for vehicle repair or maintenance beyond simple interior/exterior cleaning. Addition of fluids to the vehicle such as motor oil, brake fluid, water, washer solvent is permitted but no fluids may be drained. In emergency situations, e. g. a vehicle will not start, repairs as necessary to get the vehicle to a service center will be permitted. See Sections 2.8 and 2.14 of the CC&R's. Major repairs to vehicles are not allowed on the premises.

11. Although washing of vehicles is permitted, vehicle owners must not waste water. Water may be run only to wet the vehicle, fill a bucket and rinse the vehicle. Washing of vehicles is permitted only in the designated area marked "CAR WASH". Only vehicles registered with the Association and displaying a valid parking permit may be washed in the designated area within the complex.
12. The Homeowners Association will issue identification decals and orange guest cards to homeowners. Homeowners will fill out registration cards identifying vehicles owned by them giving make, model color, license number, owner's name, address unit number and day and night phone numbers. The BOD will maintain the information for emergency situations.

TRASH COLLECTION BINS

1. Trash is to be deposited IN the trash bins. Do not send anyone to deposit trash if they cannot lift the lids and get the trash inside the container.
2. All garbage and trash must be bagged and wrapped in proper trash bags, not in open-top paper bags or boxes. Trash and garbage not properly sealed in proper trash bags will spill and attract insects and rodents to the trash bin area.
3. Empty boxes must be crushed and folded as necessary to fit into the container.
4. Put the cover of the bin back down and re-close the gate after depositing trash.
5. Large boxes and cartons are to be placed inside the gates, next to the bins, NOT IN THE BINS. Please use containers marked *RECYCLE* for papers and cans only. All identified violators will be fined. The Association is adamant about preventing insect and rodent infestations.

PETS

1. Each homeowner is entitled to have:
 - a) one common domestic dog OR cat, and
 - b) any number of birds in one or more cages, and
 - c) any number of fish in one or more aquariums, and
 - d) one or more rodents such as hamsters, guinea pigs, etc. in one or more cages provided that no nuisance is created against other homeowners and that the purpose of having the animals is not commercial.

Exotic pets such as normally wild animals, snakes greater than 6 inches in length, etc. are not permitted. See Section 2.4 of the CC&R's.

2. Animals must be kept on a leash anytime they are outside of the homeowner's home or patio. The owner will pick up and properly bag and dispose of the animal's waste. The patio is an "exclusive use" common area and waste must be cleaned up and disposed of properly and in a timely manner to prevent a nuisance and a health hazard. "Litter box" refuse will be bagged prior to depositing in the dumpster.
3. The BOD has the power to order animals that become a nuisance either by repeated damage to common areas, threatening behavior toward other homeowners, or noise disturbances to be permanently removed from the development. See Section 2.4 of the CC&R's.

Barking dogs will not be tolerated at any time. Identified violators will be fined.

4. No pets shall be allowed to roam loose upon common area grounds.

POOLS, SPA AND TENNIS COURT

POOL HOURS

Upper Level Pool: (Closed November 1st thru March 30th)

6:00 A.M. to 10:00 P.M.	Sunday through Thursday,
6:00 A.M. to 11:00 P.M.	Friday and Saturday.

Lower Level Pool – year round:

6:00 A.M. to 10:00 P.M.	Sunday through Thursday,
6:00 A.M. to 11:00 P.M.	Friday and Saturday.

Spa hours - year round:

6:00 A.M. to 10:00 P.M.	Sunday through Thursday,
6:00 A.M. to 11:00 P.M.	Friday and Saturday.

Tennis Court:

Daily, 7:00 A.M. to 10:00 P.M.

Maximum time use:

(See Appendix E for instructions on the Reservation Board.)

Singles - 1 Hour

Doubles - 1 1/2 hours

No loitering outside the courts at any time.

POOL RULES

1. No one under the age of 14 may be in the pool or spa unless supervised by an adult over the age of 18 years. Parents are cautioned to consider whether it is healthy for small children to use the spa because of the high water temperature.
2. **NO** glass containers are allowed in the pool or spa areas. Severe penalties will be enforced on this rule!
3. No animals are allowed in the pool or in the pool or spa areas.
4. Do not prop the pool gate open for any reason. The gates are spring loaded to prevent accidental drowning of small children.
5. Shower before using the pool or spa.
6. No homeowner may have more than six guests at the pool or spa without prior arrangement with the Recreation Center Committee.
7. Others must not play radios at a level that interferes with the enjoyment of the pool or spa.
8. No running at any time in the pool or spa area.
9. No air mattresses, surfboards or boogie boards are permitted in the pools. Inflated inner tubes are permitted only when the pool is not crowded or when no people are lap swimming. Use consideration.
10. NO diving is permitted in either pool or in the spa.
11. There is to be NO ball playing in the pools or pool areas.
12. All swimmers in the pool or spa must wear proper swim attire. No jeans, "cutoffs" or thong bikinis are permitted. Incontinent persons in the pool must wear plastic pants over their diapers - not just diapers. Do not dispose of diapers in the pool trash containers or rest room containers. Bag soiled diapers properly and dispose of in the trash bins.
13. During the winter season the pool may be covered when not in use. If covered, do not attempt to remove the cover. The Spa cover, if removed, should be replaced.
14. The upper level pool will not be heated from November 1st to March 30th each year.
15. The Spa hours remains the same all year.
16. The pool and spa are to be used for recreational purposes only.
17. No lifeguard is on duty at any time. All persons use the pool and spa at their own risk.

SPA RULES

1. Pregnant women, elderly persons, persons with health conditions requiring medical care should consult their physician before using the spa. Serious medical consequences may occur from improper or ill-advised use.
2. Spa use is not recommended after ingesting alcohol, narcotics, drugs or medicines as it may lead to serious health harming consequences.
3. No one under the age of 14 may be in the pool or spa unless supervised by an adult over the age of 18 years. Parents are cautioned to consider whether it is healthy for small children to use the spa because of the high water temperature.
4. It is recommended that you not use the spa alone. Long immersion may result in dizziness, nausea or unconsciousness.

TENNIS COURT RULES

1. Courts are for the exclusive use of owners and their guests or tenants. Owners or tenants must be present at all times during court use unless the consent of the Association is obtained in advance of the specified time for some other responsible person to be present. Make sure that the next player entering the court has the proper key on a "The Falls" key tag.
2. A reservation board is located inside the court to make reservations up to only 24 hours in advance. Reservations, even *late shows* up to fifteen (15) minutes have priority on the court. See Appendix E for how to use the Reservation Board.
3. NO glass containers of any type permitted in the court area.
4. No animals are permitted on the court.
5. Proper tennis shoes must be worn. No bare feet. No black soled shoes. No street shoes.
6. All trash, empty cans, used tennis balls, etc. must be picked up and disposed of when leaving the court.
7. DO NOT TURN OFF LIGHT when leaving the court as you may damage the switch.
8. No skateboards, bicycles or roller skates are allowed in the tennis court.
9. If you observe a piece of equipment is broken, report it to the Property Management Firm immediately so that it may be repaired or replaced.
10. Maintain reasonable noise levels on the court - sound travels especially well in the open area surrounding the court.

11. The tennis court is to remain locked anytime it is not in use. If you are the last to leave the court, insure that the gate is locked.
12. Other than official tennis balls, only soft, air filled balls may be thrown or hit against the concrete wall.
13. No Loitering in the vicinity of the tennis courts at any time.

EXERCISE ROOM RULES

1. The room is reserved for the exclusive use of owners and their guests and tenants.
2. Proper, clean gym clothing is required at all times. NO wet swimsuits are permitted.
3. Small radios, cassettes players are permitted so long as the volume is kept low enough to not disturb other people in the room or people in the recreation room.
4. Absolutely NO GLASS, pets, skateboards or food are permitted in the exercise room. Plastic containers of non-alcoholic drinks are permitted.
5. No Smoking is permitted in the exercise room.
6. Don't abuse the equipment. If something does break, please report it to property management so that it may be repaired or replaced.
7. Because of the heavy equipment and the danger to small children and other persons of slight frame, children under the age of 14 and others who might have difficulty lifting any of the equipment should use the equipment only when a larger adult is present. For your safety, it is recommended that you bring a friend or let somebody know how long you intend to be using the room.
8. If you are the last to leave the room, insure that the lights are off and the doors and windows are closed and locked.
9. Do not adjust or change the air conditioner controls.

CLUBHOUSE RULES

The recreation center is available for use by any homeowner and their guest(s) at any time by reservation. Reservations for private parties will be made with the Clubhouse Rental Chairman.

1. Reservations may be made with a Clubhouse Rental Chairman not more than two months in advance of the event and not less than 48 hours.
2. A non-refundable \$35.00 use fee will be charged at the time of reserving the room. This will be used for the periodic *normal* cleaning of the room and excess funds will be used to purchase additional room accessories.

A refundable ^{250.00} ~~\$50.00~~ cleaning/security deposit will be required when you pick up the key to the room (Personal checks OK). The check is to be made out to The Falls at Camino Bernardo. Bad checks will be subject to the state laws regarding writing bad checks. In the event the clubhouse is not cleaned and restored to proper condition, the user will be charged a minimum cleaning service fee of \$25.00 / hour, two hour minimum.

3. Liability for damages or cleaning is not "limited" to the deposit. Excessive cleaning or repairs required for the furniture, appliances, building or equipment will be billed to the homeowner at actual cost. An inspection by the requester and a committee or BOD member will be required prior to the event. The requester will then sign acceptance of the room condition for which he/she will be responsible. Pre-existing stains, damage, dirt and/or defects will be noted in writing.
4. The user will be responsible for cleaning the facility to the point that it is in as good condition as that signed for. Cleaning must be completed immediately after the event unless the BOD or committee person has granted permission. A committee member will refund the deposit upon satisfactory inspection of the facility with the homeowner.
5. The unit owner or responsible tenant must make clubhouse reservations. The reserving individual must be present at all times during the function unless the consent of the Association is obtained in advance of the event for some other responsible person to be present.
6. Even private parties will have to conform to the hour limitations for use of the facility and to observance of noise and nuisance rules and regulations. Sunday through Thursday functions may begin NO EARLIER than 7:00 A.M. and end NO LATER than 10:00 P.M. Friday and Saturday functions may begin NO EARLIER than 7:00 A.M. and end NO LATER than 12:00 A.M. (Midnight).
7. Events will have a maximum time for usage of the room depending on the reservation schedule. Running past allotted time and interfering with another event will be cause for forfeiture of the security deposit.

8. Decoration plans will be reviewed with the committee member at the walk through. No tacks, nails, pushpins, tapes or other penetrating or adhesive devices not provided by the association are permitted.
9. No fires are to be built in the fireplace.
10. **NO** smoking is permitted in the Recreation Room.
11. Reserving the recreation room does not include the use of the Pool and Spa area.
12. If there are 2 complaints regarding the noise level by the clubhouse users, the event will be closed immediately.

PROCEDURE FOR HANDLING FORMAL COMPLAINTS

FIRST OCCURRENCE:

The first occurrence of an infraction of the Rules and Regulations, Bylaws, or CC&R's will be handled as follows:

Once the BOD or Management Firm receives a written complaint from a homeowner who witnesses an offense or infraction, a written warning will be sent to the offending owner informing him/her of which rule(s) was/were violated. (See Appendix B.)

Individual homeowners wishing to file a complaint with the BOD will use the Complaint Form, Appendix A. Also acceptable will be a written letter incorporating the same information required by the Complaint Form.

A formal complaint will not be considered valid unless signed.

You may ask the Management Firm for additional copies of any forms needed.

SECOND OCCURRENCE:

A second occurrence within one year of the first warning will cause written notice of impending fine. (See Notice of Impending Fine, Appendix C.)

Once advised of the complaint, 10 days will be allowed to offer a defense as to why the fine should not be levied. Failure to respond to the BOD within that time will constitute acceptance of the fine.

The written warning will advise the homeowner of the rule that he/she has violated, remind of the warning issued earlier, and warn of additional impending fines if the activity continues.

All fines will be imposed according to the Schedule of Fines, Appendix D, found in the Rules and Regulations Handbook.

CONTINUED OCCURRENCES:

Continuing occurrences will be fined as per the schedule of fines in the Rules and Regulations Handbook. Other actions as may be permitted by the CC&R's and Rules and Regulations may be taken for continuing offenders.

THE FALLS at CAMINO BERNARDO
OWNERS' ASSOCIATION
FORMAL COMPLAINT FORM
REPORT OF VIOLATION OF RULES, REGULATIONS OR CC&R's

TO: Homeowner's Association - The Falls at Camino Bernardo

I, the undersigned, a homeowner of The Falls, wish to file a formal charge regarding an infraction of one of the Rules, Regulations or CC&R's of The Falls. Having either tried to resolve this problem personally, or because I feel I cannot resolve it personally, I am asking the Board of Directors to intercede and take appropriate action.

I personally observed or heard the following act, omission, event, etc.:

Name of violator: _____ Date of Action: _____

Address of violator _____

Violation: _____

I believe this to be a violation of:

CC&R's, Article/Paragraph/etc. _____

Rules and Regulations rule _____

Bylaws, Article/Section/Paragraph _____

Should the Board feel the need to arbitrate the complaint, I agree to either be present or to accept the decision of the Board as final and to hold the Board harmless.

Signed: _____

Address: _____

Home Phone: _____

Day Phone: _____

THE FALLS AT CAMINO BERNARDO
OWNERS' ASSOCIATION

WARNING OF INFRACTION OF RULES OR REGULATIONS

TO: _____ Date: _____

You are hereby notified that a complaint has been filed with the Board of Directors charging that you have been observed in violation of 1) a Bylaw of the Association, 2) an Article of the CC&R's or 3) a published article of the Rules and Regulations.

The complaint charges that on _____ you were observed in violation of:

Additional infractions of this rule at any time within three months of this notice will be cause to issue a fine against your homeowner's account as stipulated in the Rules and Regulations of this Association.

If you feel that this charge is made in error or without merit, you may contact the Board of Directors in writing to make your statement.

Cordially,

Board of Directors

THE FALLS at CAMINO BERNARDO
OWNERS ASSOCIATION

NOTICE OF IMPENDING FINE AND HEARING

DATE: _____

TO: _____

Dear Homeowner,

____ We are writing to inform you that a formal complaint has been filed with the Board of Directors charging you with a violation of the Rules and Regulations of The Falls at Camino Bernardo. You are accused of being in violation of a Bylaw, CC&R Article or Rule and Regulation as described below.

____ We are writing to advise you that a hearing has been scheduled for _____ at _____ (location) to review _____ (said infraction). You have the right to appear and be heard at this hearing. This warning is to advise you that unless you respond prior to or at the hearing with the reason why you should not be fined, the fine shown below may be added to your account with the Association. The purpose of this hearing is to determine if a fine will be assessed. If you fail to appear at this hearing or request another hearing date by the date of the scheduled hearing, the fine shown below will be added to your account with the Homeowner's Association.

____ The Board of Directors of The Falls herewith advises you that you have been assessed a penalty for infraction of the Rules and Regulations or the CC&R's of The Falls. Said penalty will be appended to your account as of _____. The exact nature of the infraction is described below, as is the amount of the fine being debited to your Homeowner's account.

Description of the Complaint

Date of infraction: _____ Amount of Fine: \$ _____

Was a previous written warning given: _____ Yes Date: _____

Board of Directors

**SCHEDULE OF
FINES AND REMEDIES
REVISED 10/11/00**

<u>VIOLATION</u>	<u>FIRST OFFENSE</u>	<u>REPEAT OFFENSES</u>
<u>GENERAL RULES</u>		
Creating a disturbance through loud activities or appliances	\$50.00	\$50.00 x # of Assessed Fines
Personal contact with service companies for common area	\$50.00 + any charges incurred	Same
Delinquent dues or assessments (fines)	\$15.00/month	N/A
Climbing walls, fences, trees or other landscaping	\$50.00	\$50.00
Improper dumping of trash	\$50.00	\$100.00
Infraction of rules not otherwise specified.	\$50.00	\$50.00
Glass-container in pool or spa area	\$50.00	Same
<u>NO WARNING OF INFRACTION</u> If found responsible for broken glass in pool or spa, you <u>will</u> be charged for the draining, clearing and refilling of the pool!		
Recreation Key Replacement	\$10.00	Same
Failure to return Tenant Registration	\$25.00	Same
<u>PARKING AND TRAFFIC</u>		
Parking in <u>Fire Lane</u>	\$50.00 + TOW <u>NO WARNING OF INFRACTION</u>	\$100.00 + Tow <u>NO WARNING OF INFRACTION</u>

THE FALLS AT CAMINO BERNARDO

RULES AND REGULATIONS

Speeding, reckless driving	\$50.00 <u>NO WARNING OF INFRACTION</u>	\$50.00 x # of Offenses <u>NO WARNING OF INFRACTION</u>
Parking over 72 consecutive hours in un-assigned space	\$50.00	\$50.00 + TOW
Parking over 14 consecutive days in any location (storing vehicle)	\$50.00	\$50.00 + TOW
Excessive repair or maintenance of any vehicle in common area	\$50.00 <u>NO WARNING OF INFRACTION</u>	\$50.00 x # of Assessed Fines <u>NO WARNING OF INFRACTION</u>
Vehicle oil/fluid dripping Not cleaned within 2 days of warning citation	\$50.00 + Cost of Cleanup + Cost of Cleanup	\$50.00
Car Washing Outside of Designated Area	\$50.00 <u>NO WARNING OF INFRACTION</u>	Same <u>NO WARNING OF INFRACTION</u>
Car Washing of Any Vehicle not Registered with the Association.	\$50.00 <u>NO WARNING OF INFRACTION</u>	Same <u>NO WARNING OF INFRACTION</u>
<u>PETS</u>		
Obnoxious pet behavior	\$50.00	\$150.00 Subsequent offenses assessed at double the 2 nd Assessed Fine amount.
Pet observed outside on common area without a leash.	\$50.00	\$50.00
Failure to clean up after pet	\$50.00	\$100.00 x # of Assessed Fines.

HOW TO USE THE TENNIS RESERVATION BOARD

1. PLAYING TIME:

Single Player	1 Hour
Singles	2 Hours
Doubles	3 Hours

2. Reservations are to be made by signing up on the tennis reservation board located inside the tennis court. A FALLS resident must sign the board before anybody plays on the tennis court. Players may take the open court anytime on a "first come" basis by signing at the nearest "start time".
3. Reservations can be made no earlier than 24 hours in advance of play and only once per resident.
4. Print your last name and building number in appropriate columns and mark an "X" in each desired time slot for that day. (See #1 above for time limits).
5. Upon completion of play, reservations should be erased from the tennis reservation board to allow others the option of signing up for the same time slot the next day

THE FALLS HOMEOWNERS ASSOCIATION
ARCHITECTURAL APPLICATION

Complete this application form and send with **FIVE (5) COPIES OF YOUR SUBMITTAL MATERIALS TO:**

THE FALLS HOMEOWNERS ASSOCIATION
MAUZY MANAGEMENT, INC.
SUITE 120
41870 KALMIA STREET
MURRIETA, CA 92562

SECTION 1: GENERAL INFORMATION

DATE: _____

Name of Property Owner: _____

Property Address: _____

Lot#: _____

Mailing Address: _____

City: _____ State: _____ Zip: _____

Contact Person: _____

Daytime Phone: _____ Evening Phone: _____

Architect/Owner's representative (if applicable): _____

Address: _____ City/State/Zip: _____

Contact Person: _____ Daytime phone: _____

SECTION 2: SCOPE OF WORK (indicate and give a brief description)

- ☐ Landscape: _____
- ☐ Hardscape: _____
- ☐ Patio Cover: _____
- ☐ **Painting: SEE INSTRUCTIONS ON PAGE 4**
- ☐ Walls and/or Fences: _____
- ☐ Pool/Spa: _____
- ☐ Room Addition: _____
- ☐ Other: _____

Page 1 of 4

SECTION 3: SUBMITTAL MATERIALS (5 copies required of each, as applicable)

- ☐ Site Plan (including location of residence on lot, dimensions from lot lines, and dimensions of proposed improvement)
- ☐ Construction Drawings/Plan and Specifications (including elevations)

- ☐ List of Construction materials
- ☐ Colors and Finishes along with 5 samples of the paint chips
- ☐ List of Plants and Height of Trees at Maturity
- ☐ Grading and Drainage Plan (if applicable)

SECTION 4: NEIGHBOR NOTIFICATION SECTION

The attached plans are to be made available to the following neighbors for review. The intent is to advise neighbors who own property adjacent to, facing and/or impacted by the improvement(s) to your lot. Neighbors are to sign this form and initial plans. Comments may be written on this form or neighbors can address their concerns to the Architectural Committee (ARC) within three (3) days of signing form. Neighbor approval/disapproval shall be advisory only and shall not be binding in any way on the ARC's decision.

ADJACENT NEIGHBOR (SIDE):

Name: _____ Address: _____ Lot: _____
 Signature: _____ Telephone: _____

ADJACENT NEIGHBOR (SIDE):

Name: _____ Address: _____ Lot: _____
 Signature: _____ Telephone: _____

FACING NEIGHBOR (FRONT):

Name: _____ Address: _____ Lot: _____
 Signature: _____ Telephone: _____

FACING NEIGHBOR (FRONT):

Name: _____ Address: _____ Lot: _____
 Signature: _____ Telephone: _____

REAR NEIGHBOR:

Name: _____ Address: _____ Lot: _____
 Signature: _____ Telephone: _____

THE ARC WILL NOTIFY YOU IF ADDITIONAL NEIGHBOR SIGNATURE ARE REQUIRED AFTER RECEIPT OF YOUR PLANS.

Section 5: I UNDERSTAND AND AGREE THAT:

1. No exterior improvements shall commence until approved in writing by the ARC.
2. All improvements approved by the ARC must be completed within the time period stated in the Architectural Guidelines. Failure to complete the work within the prescribed period of time will cause the approval to be rescinded and resubmission will be required. Extenuating circumstances should be brought to the attention of the ARC.
3. Within FIFTEEN (15) DAYS of completion of improvements, I will notify the ARC in writing of such completion in order for the ARC to make its inspection as to compliance with approved plans and specifications.

Proposed Starting Date: _____

Proposed Completion Date: _____

Signature: _____
(If Signed by Representative, Owner's authorization must be attached)

SECTION 6: GUIDELINES CHECKLIST

1. Patio covers may not exceed ten feet (10') in height and must be painted to match house.

2. Do not design landscaping improvements that result in backfilling of soil against fences or neighbor's house.
3. Mature height of trees shall not exceed the height of the house.
4. Tradesmen's', contractors', and installers' signs of any type, including signs identifying the residence as the site of their activities or operations, **MAY NOT** be displayed.
5. **Please note that if you are changing your house color you must paint a sample area on the front of your home (2ft X 2ft) section so that it is visible for committee inspection. The committee must be able to view the color choice prior to approval.**

SECTION 71 FOR ARCHITECTURAL REVIEW COMMITTEE USE ONLY

Date Received: _____

☐ Approved. Conditions: _____

☐ Denied per CC&Rs/Architectural Standards Section(s): _____

Suggested Changes: _____

☐ Returned for Additional Information: _____

ARC Signature: _____ Date: _____

ARC Signature: _____ Date: _____

ARC Signature: _____ Date: _____

ARC Signature: _____ Date: _____

ARC Signature: _____ Date: _____

**THE FALLS AT CAMINO BERNARDO OWNERS' ASSOCIATION, INC.
ELECTION RULES**

1. Equal Access. If any candidate or member advocating a point of view is provided access to Association media, newsletters, or Internet Web sites during a campaign, for purposes that are reasonably related to that election, the Association shall provide equal access 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.
2. Common Area. The Association shall ensure access to the common area meeting space during a campaign, at no cost, to all candidates, including those who are not incumbents, and to all members advocating a point of view, including those not endorsed by the board, for purposes reasonably related to the election. (Cal. Civ. Code § 1363.03(a)(2).) Said access is to be provided during regularly noticed Board meetings at the time set aside for "open forum."
3. Inspectors of Elections. One or three volunteer Members of the Association shall be appointed by the Board or the managing agent to serve as the independent inspectors of each election. (Cal. Civ. Code § 1363.03(a)(5).)
 - 3.1. The managing agent shall assist and be the agent for the inspectors of Elections.
 - 3.2. The managing agent shall have the power to retain custody of the ballots before and after such ballots are tabulated.
4. Proxies. Proxies are governed by Article 5, Section 5.4 of the Bylaws.
 - 4.1. Every Member entitled to vote or to authorize action may do so either in person or by one or more agents authorized by a written proxy executed by such member and filed with the Secretary of the Association.
 - 4.2. No proxy shall be valid after the expiration of 11 months from the date thereof unless otherwise provided in the proxy, except that the maximum term of any proxy shall be three years from the date of execution.
 - 4.3. Every proxy continues in full force and effect until revoked by the person executing it prior to the vote pursuant thereto, except as other-wise provided in this section.
 - 4.4. Such revocation may be effected by a writing delivered to the Association stating that the proxy is revoked or by a subsequent proxy executed by the person executing the prior proxy and presented to the meeting or, as to any meeting, by attendance at such meeting and voting in person by the person executing said proxy.

- 4.5. The dates contained on the forms of proxy presumptively determine the order of execution.
- 4.6. Anything to the contrary notwithstanding, any revocable proxy covering matters requiring a vote of the Members with respect to (i) the removal of directors, (ii) the election of a director(s) to fill any vacancy(ies) on the Board of Directors, (iii) amendment of the Articles, (iv) amendment of the Bylaws repealing, restricting, creating or expanding proxy rights, (v) the winding up and dissolving of the Association or (vi) any other matters specifically set forth in California Corporations Code Section 7613(g) is not valid as to such matters unless it sets forth the general nature of the matter to be voted on.
- 4.7. A proxy is not revoked by the death or incapacity of the maker or the termination of a membership as a result thereof unless, before the vote is counted, written notice of such death or incapacity is received by the Association.
- 4.8. The proxy holder shall cast the member's vote by secret ballot.
- 4.9. Any vote cast by a proxy that conforms to the Governing Documents and not otherwise objected to by the Inspectors of Elections shall be as valid as if such vote was cast in person.
- 5. Qualifications of Candidates. Qualifications for candidates for the Board of Directors are found in Article 6, Section 6.3 of the Bylaws.
 - 5.1. The authorized number of directors of the Association shall be three until changed by amendment to this paragraph of these Bylaws.
 - 5.2. Directors shall be Members of the Association or Representatives of Declarant.
 - 5.3. Under no event shall a Director be any of the following:
 - 5.3.1. A convicted felon.
 - 5.3.2. A person convicted of a crime of moral turpitude.
 - 5.3.3. A Member not in good standing.
- 6. Nominations for Candidacy. Rules for nomination for election to the Board of Directors.
 - 6.1. All candidates shall have reasonable opportunity to communicate their qualifications to Members and to solicit votes.
 - 6.2. Nominations may be made from the floor at the annual meeting.

- 6.3 Nothing shall prevent a Member in good standing from nominating himself or herself for candidacy.
7. Qualifications for Voting. The qualifications for voting are found in the Declaration at Article 6, Section 6.2. Members shall be divided into two classes for the purposes of voting, Class A and Class B.
- 7.1 Class A. Class A Member(s) shall be all Owners of Condominiums except Declarant, and said Class A Member(s) shall be entitled to one vote for each Condominium owned.
8. Quorum. Rules regarding quorums are found in the Bylaws at Article 4, Section 4.7.
- 8.1 The presence at any meeting in person or by proxy of Members entitled to cast at least a majority of the total votes of all Members shall constitute a quorum.
- 8.2 Any adjournment for lack of a quorum shall be to a date not less than five (5) and not more than thirty (30) days from the original meeting date.
- 8.3 The quorum for such reconvened meeting shall be reduced to thirty-three and 1/3 percent (33 1/3%) of the voting powers.
9. Vesting. No voting rights shall accrue to any Owner until Regular Assessments have first commenced for such Owner's Condominium.
10. Cumulative Voting Rules regarding cumulative voting are found in the Bylaws at Article 5, Section 5.3. Election to the Board shall be by cumulative voting whenever more than one board position is to be filled.
11. Election Procedures. The following election procedures shall be observed for all elections.
- 11.1 Ballots and two preaddressed envelopes with instructions on how to return ballots shall be mailed by first-class mail or delivered by the Association to every Member not less than 30 days prior to the deadline for voting. In order to preserve confidentiality, a voter may not be identified by name, address, or lot, parcel, or unit number on the ballot. The Association shall use as a model those procedures used by California counties for ensuring confidentiality of voter absentee ballots, including all of the following:
- 11.1.1 The ballot itself is not signed by the voter, but is inserted into an envelope that is sealed. This envelope is inserted into a second envelope that is sealed. In the upper left hand corner of the second envelope, the voter prints and signs his or her name, address, and lot, or parcel, or unit number that entitles him or her to vote.

- 11.1.2 The second envelope is addressed to the managing agent, who will be tallying the votes. The envelope may be mailed or delivered by hand to the managing agent.
- 11.2 All votes shall be counted and tabulated by Inspectors of Election in public at a properly noticed open meeting of the Board or Members.
- 11.3 Any candidate or other Member may witness the counting and tabulation of the votes.
- 11.4 No person, including a Member or an employee of the management company, shall open or otherwise review any ballot prior to the time and place at which the ballots are counted and tabulated.
- 11.5 The results of the election shall be promptly reported to the Board and shall be recorded in the minutes of the next meeting of the Board and shall be available for review by Members.
- 11.6 Within 15 days of the election, the Board shall publicize the results of the election in a communication directed to all Members.
12. Polls. The times polls open and close is as follows.
- 12.1 Polls open when ballots are mailed or otherwise delivered to the Members.
- 12.2 Polls close upon approval by the Members present at a meeting to close the balloting. If no meeting is held, polls close at the cut-off date established by the Board.

These election rules are promulgated in accordance with California Civil Code § 1363.03, The Falls at Camino Bernardo Owners' Association, Inc. adopts Election Rules with respect to membership votes regarding assessments, election of Directors, amending the Governing Documents and the grant of exclusive use of the common area. References are also made to the "The Falls at Camino Bernardo Condominium Project Declaration of Restrictions" (the "Declaration") recorded as Document No. 87-717616 in the San Diego County Recorder's Office on December 31, 1987 and the "Bylaws of The Falls at Camino Bernardo Owners' Association, Inc." (the "Bylaws"). All references to the representative of the Association's management company shall be as "managing agent."

BYLAWS OF
THE FALLS AT CAMINO BERNARDO
OWNERS' ASSOCIATION, INC.

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BYLAWS
OF
THE FALLS AT CAMINO BERNARDO
OWNERS' ASSOCIATION, INC.

ARTICLE 1

Definitions

1.1 Articles.

1.1.1 "Articles" shall mean the Articles of Incorporation of the Association (hereinafter defined) and any amendments to said Articles.

1.2 Association.

1.2.1 "Association" shall mean The Falls at Camino Bernardo Owners' Association, Inc., a California nonprofit mutual benefit corporation, formed and maintained pursuant to the California Nonprofit Mutual Benefit Corporation Law (California Corporations Code Sections 7110, et seq.), composed of the Owners (hereinafter defined).

1.3 Board of Directors.

1.3.1 "Board of Directors" shall mean the Board of Directors of the Association.

1.4 Bylaws.

1.4.1 "Bylaws" shall mean these Bylaws of the Association as said Bylaws may from time to time be amended.

1.5 Common Area.

1.5.1 "Common Area" shall mean all of the property encompassed in and by the Plan (hereinafter defined), including (i) all buildings, structures and improvements now or hereafter built thereon including, but not limited to, the recreational facilities located within the lot that constitutes phase 2 of the Project (hereinafter defined), if and when said Lot is annexed into the Project, and (ii) exterior shutters, awnings, door frames and hardware incident thereto, if any, in the Project, EXCEPTING each of the Units (hereinafter defined) 1 through 240, inclusive.

1.6 Condominium.

1.6.1 "Condominium" shall mean a fee simple estate in the Project as defined in Sections 783 and 1351(f) of the California Civil Code and shall consist of (i) a Separate Interest (hereinafter defined), (ii) an undivided fractional interest as tenant in common in the Common Area and (iii) the use of certain Exclusive Use Common Area(s) (hereinafter defined).

1.7 Declarant.

1.7.1 "Declarant" shall mean (i) Camino Bernardo Associates, a California limited partnership, the Declarant under the Declaration (hereinafter defined), and (ii) any successor in interest of said Camino Bernardo Associates to whom all or any of the rights of Declarant under the Articles, the Declaration and these Bylaws have been transferred and who is (a) a grantee under a deed which conveys the entire Project and which is executed and delivered prior to the conveyance of any individual Condominium, or (b) a grantee under a deed conveying two or more Condominiums. Notwithstanding the provisions of the Article hereof entitled "Amendments to Bylaws" to the contrary, this Paragraph may not be amended, modified or rescinded without the (i) prior consent of Declarant and (ii) recording of said written consent in the Office of the County Recorder of San Diego County, California.

1.8 Declaration.

1.8.1 "Declaration" shall mean that certain Declaration of Restrictions recorded _____, 19____, File/Page No. _____, Official Records of San Diego County, California, and any amendments thereto.

1.9 Eligible Mortgage Holder.

1.9.1 "Eligible Mortgage Holder" shall mean a First Mortgagee (hereinafter defined) who, in a written document delivered to the Association, has requested that the Association notify such First Mortgagee of any proposed action that, by the terms of the Articles, the Bylaws or the Declaration, requires the consent of a specified percentage of such First Mortgagees.

1.10 Exclusive Use Common Area (s).

1.10.1 Exclusive Use Common Areas, referred to herein as "Exclusive Use Area(s)," shall mean a portion of the Common Area designed to serve a single Unit but located outside the boundaries of the Unit, and shall consist of window boxes installed by Declarant, if any, doorsteps and stoops, porches, balconies, patios and decks installed by Declarant, if any, exterior doors, screens, windows, yards and carports. The Unit number served by

any particular porch, balcony, patio, deck, yard or carport shall be shown on the Plan.

1.11 FHA.

1.11.1 "FHA" shall mean the United States Department of Housing and Urban Development, Federal Housing Administration.

1.12 FHLMC.

1.12.1 "FHLMC" shall mean the Federal Home Loan Mortgage Corporation.

1.13 First Mortgage.

1.13.1 "First Mortgage" shall mean any deed of trust or mortgage which is the only deed of trust or mortgage encumbering a Condominium or which is first in priority, under the recording laws of the State of California, of a series of two or more mortgages or deeds of trust encumbering the same Condominium.

1.14 First Mortgagee.

1.14.1 "First Mortgagee" shall mean a Mortgagee (hereinafter defined) whose mortgage or deed of trust, as the case may be, is a First Mortgage.

1.15 FNMA.

1.15.1 "FNMA" shall mean the Federal National Mortgage Association.

1.16 Interested Person.

1.16.1 "Interested Person" shall mean any First Mortgagee or any insurer or guarantor of a First Mortgage.

1.17 Member.

1.17.1 "Member" shall mean an Owner entitled to membership in the Association. Membership shall be appurtenant to and may not be separated from ownership of a Condominium.

1.18 Mortgagee.

1.18.1 "Mortgagee" shall mean the Mortgagee under any real property mortgage or beneficiary under any deed of trust which mortgage or deed of trust encumbers any Condominium.

1.19 Owner.

1.19.1 "Owner" shall mean Declarant prior to the first conveyance of a Condominium, and thereafter, shall mean the record Owner, whether one or more persons or entities, of fee simple title to any Condominium which is part of the Project, including Declarant for as long as Declarant holds title to a Condominium, and including a contract vendor under land sale contract, but excluding those having an interest in a Condominium merely as security for the performance of an obligation.

1.20 Plan.

1.20.1 "Plan" shall mean that certain Condominium Plan recorded _____, 19____, File/Page No. _____, Official Records of San Diego County, California, being a Condominium Plan as the same is described in California Civil Code Section 1351(e), and any amendments to said Condominium Plan.

1.21 Project.

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

1.22 Recreation Area.

1.22.1 "Recreation Area" shall mean the designated portion(s) of the Common Area where the recreational facilities are located all as more fully contemplated by, and set forth in, the Declaration.

1.23 Separate Interest.

1.23.1 "Separate Interest" shall include a "Separate Interest" as defined in Section 1351(1)(2) of the California Civil Code or a "Separate Interest in Space" as referred to in Section 1351(f) of the California Civil Code, and shall mean an individual Unit.

1.24 Unit.

1.24.1 "Unit" shall mean an interest in space in the Project, the boundaries of which space are described in the Plan.

1.25 VA.

1.25.1 "VA" shall mean the Veterans Administration.

ARTICLE 2

Functions of the Association

2.1 Purpose.

2.1.1 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.

2.2.1 Pursuant to the Article of the Declaration entitled "Assessments," it shall be the duty of the Board of Directors to fix, alter, collect and enforce assessments upon Owners. Each Owner shall pay to the Association each assessment levied upon such Owner's Condominium(s) under the provisions of the Declaration.

ARTICLE 3

Membership

3.1 Members.

3.1.1 The Association shall have one class of Members only, and the property and other rights, interests and privileges of each Member in good standing shall be equal; except that there shall be two classes of Members for the purposes of voting as set forth in Article 5. No Owner shall hold more than one membership in the Association. No certificate of membership, identity card or other document evidencing membership in the Association shall be issued except by resolution of the Board of Directors and in conformance with California Corporations Code Sections 7313 and 7314.

3.2 Transfer of Membership.

3.2.1 Each Owner shall be and become a Member contemporaneously with his acquisition of a Condominium (whether such acquisition occurs by (i) conveyance of a Condominium by Declarant, (ii) voluntary transfer, assignment or conveyance of a Condominium, (iii) involuntary transfer of a Condominium, including, without limitation, by reason of the death of an Owner, or (iv) foreclosure [by trustee's power of sale or by judicial process] of a deed of trust or other lien on 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 or more persons hold, as joint tenants or otherwise, a Condominium, they shall constitute a single Member. Prior to the conveying of a Condominium by Declarant, Declarant shall be a Member as to such Condominium. Transfer of membership in the Association shall be only by the above-specified means.

3.2.2 The Association shall, within a reasonable time after the Association is first notified of a proposed transfer and before the membership is transferred on the books and records of the Association, give notice to the transferee that a copy of restrictions upon the transferability of membership is on file with the secretary of the Association and is open for inspection by a Member on the same basis as the records of the Association.

ARTICLE 4

Meetings of Members

4.1 Place of Meetings.

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

4.2 Annual (Regular) Meetings.

4.2.1 A regular meeting of Members shall be held annually. The first annual meeting of Members shall be held on such date and at such time as shall be designated by the Board of Directors, which date shall be within 45 days after the sale and conveyance by Declarant of 51 percent of the Condominiums, but in no event later than six months after the sale and conveyance by Declarant of the first Condominium. Subsequent annual meetings of Members shall be held on the 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 of Directors. If the date of the annual meeting shall be a legal holiday, then the meeting shall be held on the next-succeeding business day, at the same hour.

4.2.2 At the annual meeting, Members shall elect a Board of Directors, 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.

4.3.1 Special meetings of Members, for any lawful purpose or purposes whatsoever, may be called by the Board of Directors upon (i) the vote for such a meeting by a majority of a quorum of the Board of Directors or (ii) receipt by the Board of Directors of a written request for such a meeting signed by Members representing at least five percent of the total voting power of the Association.

4.3.2 Notwithstanding the provisions of Paragraph 4.4.1 to the contrary, whenever a special meeting of Members is called by Members representing at least five percent of the total voting power of the Association, upon request in writing signed by Members entitled to call a meeting of Members and delivered by first-class, certified or registered mail to the Board of Directors at the principal office of the Association, or delivered to the Board of Directors in person, it shall be the duty of the Board of Directors forthwith to cause notice to be given to the Members that a meeting will be held at a time fixed by the Board of Directors not less than 35 nor more than 90 days after the receipt of the request; provided, however, if a special meeting is called to enforce the obligations under a bond obtained to secure completion of improvements in and to the Common Area, pursuant to Section 2792.4 of Title 10 of the California Administrative Code, a meeting will be held at a time fixed by the Board of Directors not less than 35 nor more than 45 days after receipt of the request. If said notice is not given within 20 days after receipt of the request, the Members entitled to call 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 requirements set forth in Paragraph 4.4.

4.4 Notice of Meetings.

4.4.1 Written notice for meetings called by the Board of Directors, whether annual or special, shall be given to Members who are entitled to vote at such meetings not less than 10 days nor more than 90 days before the date of such meeting; provided, however, that, if notice is given by mail and the notice is not mailed by first-class, registered or certified mail, notice shall be given not less than 20 days before the meeting. Notice of any meeting of Members, whether annual or special and whether called by the Board of Directors or by Members entitled to call a meeting of Members, shall specify the place, the date and time of the meeting and (i) in case of a special meeting, the general nature of the business to be transacted and that no other business may be transacted or (ii) in the case of an annual meeting, those matters which the Board of Directors, at the time notice is

given, intends to present for action by the Members; provided, however, notwithstanding the foregoing, any proper matter may be presented for action by the members at an annual meeting. The notice of any meeting at which directors are to be elected shall include the names of all those who are nominees for election to the Board of Directors at the time notice is given to Members.

4.4.2 Notices of meetings, whether annual or special, shall be given by the Board of Directors, or in the case of neglect or refusal by the Board of Directors, by any officer, director or Member. All notices shall be given either personally or by mail sent to the address of each Member appearing on the books of the Association or to the address supplied by him to the Association for the purpose of receiving notice. A notice mailed or delivered as part of a newsletter, magazine or other circular regularly sent to Members shall constitute written notice when addressed and mailed or delivered to the Member or, in the case of Members who are residents of the same household and who have the same address on the books of the Association, when addressed and mailed or delivered to one of such Members, at the address appearing on the books of the Association.

4.4.3 When a Members' meeting, either annual or special, is adjourned to another time or place, notice of the adjourned meeting need not be given if the time and place thereof are announced at the meeting which is adjourned. A meeting adjourned for lack of quorum by those in attendance shall be set for a date not less than five days nor more than 30 days from the original meeting date. If (i) a time and place for the adjourned meeting are not fixed by those in attendance at the original meeting, (ii) for any reason a new date is fixed for the adjourned meeting after adjournment or (iii) the adjournment is for more than 30 days, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings. At the adjourned meeting the Association may transact any business which might have been transacted at the original meeting.

4.5 Consent to, Approval of or Attendance at Members' Meetings.

4.5.1 The transactions of any meeting of Members, whether annual or special, however called and noticed, shall be valid as though having occurred 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 Member entitled to vote thereat not present in person or by proxy, signs a (i) written consent to the holding of such meeting or (ii) written approval of the minutes thereof. All such consents or approvals shall be filed with the records of the Association or made part of the minutes of the meeting. Attendance of a Member at a meeting shall constitute a waiver of notice of and presence at

such meeting, except when the Member objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Attendance at a meeting is not a waiver of any right to object to the consideration of matters required to be included in the notice but not so included, if such objection is expressly made at the meeting.

4.6 Action by Written Ballot.

4.6.1 Any action which may be taken at any regular or special meeting of Members, except for an election in which positions on the Board of Directors are to be filled, 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 (i) set forth the proposed action, (ii) indicate the number of responses needed to meet the quorum requirement, (iii) provide an opportunity to specify approval or disapproval of any proposal, (iv) state the percentage of approvals necessary to pass the proposal, (v) provide that where the Member solicited specifies a choice with respect to the proposal the vote shall be cast in accordance therewith and (vi) provide a reasonable time within which to return the ballot to the Association and specify the time by which the ballot must be received in order to be counted. Approval by written ballot pursuant to this paragraph 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. A written ballot may not be revoked.

4.6.2 Ballots shall be solicited in a manner consistent with the requirements of Paragraph 4.4.2. 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.

4.7 Quorum.

4.7.1 The presence in person or by proxy of Members entitled to exercise a majority of the voting power of the Association shall constitute a quorum at all meetings of Members for the transaction of business thereat. 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 to leave less than a quorum, provided any action taken (other than adjournment) is approved by at least a majority of the number of Members required to constitute a quorum.

4.7.2 In the absence of a quorum at the commencement of any meeting of Members, the Members entitled to vote thereat, present in person or by proxy, shall have the power, by the vote of a majority of the votes represented, to adjourn the meeting from time to time until the requisite number of Members shall be present or represented, but no other business may be transacted; provided, however, that any such adjournment shall be to a date not less than five and not more than 30 days from the date of the originally scheduled meeting. At such adjourned meeting the quorum requirement shall be reduced to the presence in person or by proxy of Members entitled to exercise 33-1/3 percent of the voting power of the Association. If the requisite number of Members constituting the reduced quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed.

4.7.3 Anything herein to the contrary notwithstanding, any action authorized under Paragraph 7.3 or Paragraph 7.4 of the Declaration concerning annual assessments and special assessments, respectively, shall be taken at a meeting called for that purpose, written notice of which shall be sent to all Members not less than ten nor more than 90 days in advance of the meeting. A quorum for such meetings shall be 51 percent of each class of Members entitled to vote on such action. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be one-half of the required quorum for the preceding meeting. If the proposed action is favored by a majority of the votes cast at such meeting but such vote is less than the requisite 51 percent of each class of Members, Members who were not present in person or by proxy may give their assent by written ballot, provided the same is obtained by the Secretary of the Association not later than 30 days from the date of such meeting.

ARTICLE 5

Voting Rights

5.1 Members' Right to Vote.

5.1.1 Only persons who are Members of the Association shall be entitled to vote at a meeting of Members.

5.2 Classes of Voting Members.

5.2.1 Members shall be divided into two classes for the purposes of voting, Class A and Class B. Class A Member(s) shall be all Owners except Declarant and said Class A Member(s) shall be entitled to one vote for each Condominium owned. The lone

Class B Member shall be Declarant who shall be entitled to three votes for each Condominium owned. Declarant's Class B voting status shall cease and convert to Class A voting status on the earlier occurrence of one of the following: (i) when the total votes outstanding in Class A equal the total votes outstanding in Class B or (ii) on that certain date which is two years after the original issuance by the California Department of Real Estate of a Final Subdivision Public Report with respect to the Project. If record title to a Condominium is held in the name of more than one person, such persons shall collectively constitute a single Member and there shall be only one vote attributable to such Member (unless such Member is Declarant, in which case such Member shall have the number of votes attributed to Declarant as set forth in this Paragraph). Each of such persons collectively constituting a single Member shall otherwise be individually entitled to the benefits of membership in the Association. The manner of casting and counting such vote shall be controlled by the Provisions of the paragraph of these Bylaws entitled "Voting Rights; Required Vote; Cumulative Voting."

5.3 Voting Rights; Required Vote; Cumulative Voting.

5.3.1 On all matters, including the election of directors, a Member shall have the number of votes as set forth above for each Condominium owned by said Member.

5.3.2 When a quorum is present at any regular or special meeting of Members, the affirmative vote of a majority of the Members of each voting class of the Association present at such meeting shall be required for Members to transact any business thereat, except (i) where the item of business is the enforcement of the obligations under a bond or other arrangement pursuant to the Article of the Declaration entitled "Declarant's Security for Its Obligations" or (ii) as may be otherwise provided in these Bylaws, the Articles or the Declaration.

5.3.3 Every Member entitled to vote at any election of directors of the Association may cumulate his votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which he is entitled, or distribute his votes on the same principle among as many candidates as he may desire. Cumulative voting shall be required in all elections in which more than two positions on the Board of Directors are to be filled. Notwithstanding the foregoing, no Member shall be entitled to cumulate votes for a candidate or candidates unless such candidate's name or candidates' names have been placed in nomination prior to the voting and the Member has given notice at the meeting prior to the voting and 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. The candidates receiving the highest

number of votes up to the number of directors to be elected shall be elected directors of the Association.

5.3.4 For as long as (i) a majority of the voting power of the Association resides in Declarant or (ii) there are two outstanding classes of Members for the purpose of voting as set forth in Article 5 hereof, Declarant shall not be entitled to vote in the election of one director or 20 percent of the directors to be elected, whichever is greater.

5.3.5 If a membership stands of record in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, husband and wife as community property, tenants by the entirety, persons entitled to vote under a voting agreement or otherwise, or if two or more persons (including proxyholders) have the same fiduciary relationship respecting the same membership, unless the secretary of the Association is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (i) if only one votes, such act binds all, or (ii) if more than one vote, the act of the majority so voting binds all.

5.4 Proxies.

5.4.1 Every Member entitled to vote or to authorize action may do so either in person or by one or more agents authorized by a written proxy executed by such member and filed with the Secretary of the Association. No proxy shall be valid after the expiration of 11 months from the date thereof unless otherwise provided in the proxy, except that the maximum term of any proxy shall be three years from the date of execution. Every proxy continues in full force and effect until revoked by the person executing it prior to the vote pursuant thereto, except as otherwise provided in this section. Such revocation may be effected by a writing delivered to the Association stating that the proxy is revoked or by a subsequent proxy executed by the person executing the prior proxy and presented to the meeting or, as to any meeting, by attendance at such meeting and voting in person by the person executing said proxy. The dates contained on the forms of proxy presumptively determine the order of execution.

5.4.2 Anything to the contrary notwithstanding, any revocable proxy covering matters requiring a vote of the Members with respect to (i) the removal of directors, (ii) the election of a director(s) to fill any vacancy(ies) on the Board of Directors, (iii) amendment of the Articles, (iv) amendment of the Bylaws repealing, restricting, creating or expanding proxy rights, (v) the winding up and dissolving of the Association or (vi) any other matters specifically set forth in California Corporations

Code Section 7613(g) is not valid as to such matters unless it sets forth the general nature of the matter to be voted on.

5.4.3 A proxy is not revoked by the death or incapacity of the maker or the termination of a membership as a result thereof unless, 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.

6.1.1 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. The Board of Directors may delegate the management of the activities of the Association to any person or persons, management company or committee however composed, provided that the activities and affairs of the Association shall be managed and all Association powers shall be exercised under the ultimate direction of the Board of Directors.

6.2 Specific Powers.

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

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

(ii) To maintain bank account(s) for funds coming from under the control of the Association.

(iii) To levy regular and special assessments and otherwise act as set forth in, and subject to the provisions of, the Declaration, the Articles and these Bylaws.

(iv) To enforce the provisions of the Articles, the Declaration, these Bylaws, 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.

(v) To contract for and maintain (a) fire, casualty, liability, worker's compensation, medical, hospital, directors' and officers' liability and other insurance insuring Owners, directors and officers of the Association and other persons and (b) bonds of directors and other persons.

(vi) To contract, provide and pay for (a) maintenance, utility, gardening and other services benefiting the Common Area, (b) employment of persons necessary for operation of any building and (c) legal and accounting services.

(vii) To contract for and purchase tools, equipment, materials, supplies and other personal property and services for (a) maintenance and repair of the Common Area and (b) improvements to the Project.

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

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

(x) To pay taxes which would be liens upon the entire Project or 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 thereof.

(xi) To make available to any prospective purchaser of a Condominium, any Owner, or any Interested Person, current copies of the Articles, Bylaws, Declaration, rules governing the Project, and other books, records and financial statements of the Association. The Board of Directors shall make the aforementioned documents available for inspection, upon request, during normal business hours or under other reasonable circumstances.

(xii) To sell, at such price and terms as the Board of Directors may determine, the entire Project for the benefit of all of the Owners (with the exception of the Administrator of Veteran Affairs, an officer of the United States of America) and mortgagees thereof, as their interest shall appear. Said power to sell shall be exercisable only (a) when partition of the Project may be had under California Civil Code Section 1359 and (b) after recordation of a certificate by those Owners consenting to the exercise of said power to sell (in accordance with said Section 1359) stating that said power is properly exercisable.

(xiii) 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 thereof.

(xiv) To suspend for a temporary period not exceeding 30 days the (a) right of an Owner to use any recreational facilities within the Common Area and (b) 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 of Directors to govern the use of and activity in the Common Area, or for breaching any provision of the Declaration, the Articles or these Bylaws. Any suspension must be done in good faith and in a fair and reasonable manner. The Member must be given 15 days' prior notice of the suspension. Notice must set forth reasons for the suspension and may be given by any method reasonably calculated to provide actual notice. Any notice given by mail must be given by first-class, registered or certified mail sent to the last address of the Member shown on the Association's records. The Member must be provided an opportunity to be heard, orally or in writing, not less than five days before the effective date of the suspension by a properly convened meeting of the Board of Directors.

(xv) To impose a reasonable monetary fine(s), if provided for in the Declaration or these Bylaws, upon an Owner for any breach of any of (a) the limitations, restrictions, conditions or covenants set forth in the Declaration (other than a breach by failure to pay an assessment[s]), (b) the provisions of the Articles or these Bylaws or (c) the rules and regulations adopted by the Board of Directors pursuant to the Declaration, the Articles or these Bylaws. The imposition of such fine(s) must be done in good faith and in a fair and reasonable manner. The Member must be given 15 days' prior notice of the imposition of a fine(s). Notice must set forth reasons for the imposition of a fine(s) and may be given by any method reasonably calculated to provide actual notice. Any notice given by mail must be given by first-class, registered or certified mail sent to the last address of the Member shown on the Association's records. The Member must be provided an opportunity to be heard, orally or in writing, not less than five days before the effective date of the imposition of a fine(s) by a properly convened meeting of the Board of Directors.

6.2.2 No right or power conferred on the Board of Directors in this Article shall be construed as a duty, obligation or disability charged upon the Board of Directors or any director. If any right or power herein granted be exercised, any director so exercising or voting for such exercise shall act in good faith, in a manner such director believes to be in the best interest of the Association and with such care, including

reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

6.2.3 Any contract entered into, or instrument executed, by any two or more directors pursuant to resolution of the Board of Directors shall be (i) valid and subsisting according to the tenor of such contract or instrument and (ii) a charge upon all cash, bank accounts and other personal property under the control of the Board of Directors. Any transfer, assignment or conveyance to, or any contract right in favor of, the Board of Directors shall vest in the Board of Directors, for the benefit of the Owners in the same proportion as their respective interests in the Common Area. So long as he acts within the scope of his 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.

6.2.4 Anything in this Article to the contrary notwithstanding, unless the Members have approved such action (i) by a vote or written ballot of Members entitled to exercise a majority of the voting power in each of the two voting classes of the Association or (ii) upon cessation of one of the two voting classes, by a vote or written ballot of Members entitled to exercise a majority of the voting power in the remaining voting class, provided that said vote or written ballot shall include the votes of a majority of the Members other than Declarant, the Board of Directors may not:

(i) Enter into a contract with a third person for materials and/or services benefiting the Common Area, the Recreation Area or the Association for a term in excess of one year, except any:

(a) Management contract, the terms of which have been approved by the FHA or VA;

(b) 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;

(c) Prepaid casualty and/or liability insurance policy which does not exceed three years' duration, provided that such policy permits for short rate cancellation by the insured;

(d) Lease agreement for laundry room fixtures and equipment for any laundry room established in the Common Area or the Recreation Area for the use of the Owners, not to exceed five years' duration, provided that the lessor under the agreement is

not an entity in which Declarant has a direct or indirect interest of ten percent, or more;

(e) Agreement for cable television services and equipment or satellite dish television services and equipment not to exceed five years' duration, provided that the supplier is not an entity in which the Declarant has a direct or indirect ownership interest of ten percent, or more;

(f) Agreement for sale or lease of burglar alarm and fire alarm equipment, installation and services not to exceed five years' duration, provided that the supplier is not an entity in which the Declarant has a direct or indirect ownership interest of ten percent, or more.

(ii) Incur aggregate expenditures for capital improvements to the Common Area or the Recreation Area in any fiscal year in excess of five percent of the budgeted gross expenses of the Association for such fiscal year;

(iii) Sell, during any fiscal year of the Association, property of the Association having an aggregate fair market value greater than five percent of the budgeted gross expenses of the Association for that fiscal year;

(iv) Fill a vacancy on the Board of Directors created by the removal of a director; or

(v) Pay any compensation to any director or officer of the Association for services performed in the conduct of the Association's business; however, the Board of Directors may reimburse any such director or officer for expenses incurred by him in carrying on the business of the Association.

6.2.5 Anything contained in this Paragraph 6.2 to the contrary notwithstanding, the Board of Directors shall not have the power to authorize or approve any contract for the professional management of the Project, or any contract providing for the services of Declarant, which (i) does not permit the Association to terminate (a) for cause on 30 days' written notice and (b) without cause, or payment of a termination fee, on 90 days' or less written notice and/or (ii) has a term greater than three years. Further, the Board of Directors shall not have the power to grant to anyone easements or use rights which affect the Common Area or the Recreation Area; provided, however, that the Board of Directors may grant utility easements over, upon, under and across the Common Area or the Recreation Area which are reasonably necessary to the ongoing development and operation of the Project. Except as provided herein, no contract with the Association negotiated by Declarant shall exceed a term of one year.

6.2.6 The Board of Directors 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.

6.3 Number.

6.3.1 The authorized number of directors of the Association shall be three until changed by amendment to this paragraph of these Bylaws.

6.4 Election and Tenure of Office.

6.4.1 The directors 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 or until their earlier resignation or removal. The term of office for directors shall begin immediately after their election.

6.4.2 In advance of any meeting of Members, the Board of Directors may appoint inspectors of election to act at the meeting and any adjournment thereof. If inspectors of election are not so appointed, or if any persons so appointed fail to appear or refuse to act, the chairman of any meeting of Members may, and on the request of any Member or a Member's proxy shall, appoint inspectors of election (or persons to replace those who so fail or refuse) at the meeting. The number of inspectors shall be either one or three. If appointed at a meeting at the request of one or more Members or proxies, the majority of Members represented in person or by proxy shall determine whether one or three inspectors are to be appointed. If there are three inspectors of election, the decision of a majority of inspectors of election shall govern in all respects as to the matters before them. The inspectors of election shall determine the number of memberships outstanding and the voting power of each, the number represented at the meeting, the existence of a quorum and the authenticity, validity and effect of proxies, receive votes, ballots or consents, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes or consents, determine when the polls shall close, determine the result and do such acts as may be proper to conduct the election or vote with fairness to all Members.

6.5 Vacancies.

6.5.1 A vacancy or vacancies shall be deemed to exist in any of the following instances: (i) the death, resignation or removal of any director, (ii) the authorized number of directors shall be increased by amendment to these Bylaws 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, or (iv) any director shall fail to qualify to serve in

the office within 30 days after notice of his election. The Board of Directors may declare vacant the office of a director who has been declared of unsound mind by a final order of court or convicted of a felony.

6.5.2 Vacancies in the Board of Directors may be filled by a majority of the remaining directors, whether or not less than a quorum, or by a sole remaining director; provided, however, that vacancies in the Board of Directors resulting from the removal of directors may only be filled by a vote of the Members as provided in the Article hereof entitled "Voting Rights." Each director so elected shall hold office until his successor is elected at an annual, regular or special meeting of Members or until his earlier resignation or removal.

6.5.3 Members may at any time elect a director to fill any vacancy not filled by the Board of Directors and may elect additional directors at such time as an amendment to these Bylaws is adopted which authorizes an increase in the number of directors.

6.5.4 Any director may resign effective upon giving written notice to the chairman of the Board of Directors, the president, the secretary or the Board of Directors, unless the notice specifies a later time for the effectiveness of such resignation. If the Board of Directors accepts the resignation of a director tendered to take effect at a future time, the Board of Directors or, if the Board of Directors should fail to act, the Members, shall have the power to elect a successor to take office when the resignation shall become effective.

6.5.5 No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of his term of office.

6.6 Removal of Directors.

6.6.1 The entire Board of Directors or any individual director may be removed from office by an affirmative vote (or written ballot) of Members holding a majority of the voting power in each voting class entitled to vote at an election of directors; provided however, unless the entire Board of Directors is removed, an individual director shall not be removed prior to the expiration of his term of office when the votes cast against removal would be sufficient to elect such 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 director's most recent election were then being elected. If any director(s) is so removed, a new director(s) may be elected at the same meeting.

6.6.2 Notwithstanding the foregoing, a director who, pursuant to Paragraph 5.3 hereof, has been elected solely by the votes of Members other than Declarant may be removed from office prior to expiration of his term of office only by the vote of at least a majority of the voting power residing in Members other than Declarant.

6.7 Place of Meeting.

6.7.1 Meetings of the Board of Directors shall be held within the Project.

6.8 Organizational Meetings; Notice.

6.8.1 Annual organizational meetings of the Board of Directors shall be held immediately following the adjournment of the annual meetings of Members or at such other date, time and place as the Board of Directors may designate by resolution. No notice of organizational meetings 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 days prior to the scheduled date of said meeting.

6.9 Other Regular Meetings; Notice.

6.9.1 Regular meetings of the Board of Directors, other than the annual organizational meeting, shall be held at such date, time and place within the Project as may be agreed upon from time to time by the Board of Directors, except that said meetings shall be held at least every six months if business to be transacted by the Board of Directors does not justify more frequent meetings; or may be called at any time by the chairman of the Board of Directors or the president, any vice president, secretary or by any two directors of the Association. If said date shall fall upon a holiday, such meeting shall be held on the next succeeding business day thereafter.

6.9.2 Notice of the date, time and place of regular meetings shall be given to each of the directors of the Board of Directors at least four days before such meeting by (i) telephone, (ii) telegraph, (iii) written notice personally delivered or (iv) letter, charges prepaid, addressed to a director at the address of such director as it is shown upon the records of the Association or, if it is not shown on such records or is not readily ascertainable, at the place where meetings of the Board of Directors are regularly held. Written notice of the resolution, if any, establishing a date of the month, the time and place of a regular meeting shall also be given to each director. Notices of the date, time and place of a regular meeting shall

also be posted at a prominent place (or places) within the Common Area at least four days before the date of the meeting.

6.9.3 Notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding the meeting, whether before or after the meeting, or who attends the meeting without protesting prior thereto or at its commencement, the lack of notice to such director. All such waivers, consents and approvals shall be filed with the Association records or made a part of the minutes of the meetings.

6.10 Special Meetings; Notice.

6.10.1 Special meetings of the Board of Directors for any purpose or purposes shall be called by written notice signed by the president, or by any two directors other than the president.

6.10.2 Notice of the date, time and place of a special meeting, shall be given to each of the directors of the Board of Directors by (i) telephone, (ii) telegraph, (iii) written notice personally delivered or (iv) letter, charges prepaid, addressed to a director at the address of such director as it is shown upon the records of the Association or if it is not shown on such records or is not readily ascertainable, at the place where meetings of the Board of Directors are regularly held. Such notice of a special meeting shall set forth the general nature of the business to be considered thereat. In case such notice is mailed, it shall be deposited in the United States mail at least four days prior to the date of the holding of the meeting. In case such notice is delivered personally or by telephone or telegraph, it shall be so delivered at least 72 hours prior to the date of the holding of the meeting. Such mailing, telephoning, telegraphing or personal delivery shall be due, legal and proper notice to such director.

6.10.3 Notice of a special meeting need not be given to any director who has signed a waiver of notice or a written consent to holding the meeting, whether before or after the meeting, or who attends the meeting without protesting prior thereto or at its commencement, the lack of notice to such director. All such waivers, consents and approvals shall be filed with the Association records or made a part of the minutes of the meetings.

6.10.4 Written notice of every special meeting of the Board of Directors, specifying the date, time and place of the meeting and the general nature of the business to be considered, shall be posted at a prominent place (or places) within the Common Area at least 72 hours prior to the scheduled time of such meeting.

6.11 Adjournment.

6.11.1 A majority of the directors present at a meeting of the Board of Directors, whether or not a quorum is present at such meeting, may adjourn the meeting to another date, time and place. If the meeting is adjourned for more than 24 hours, notice of any adjournment to another date, time or place shall be given prior to the time of such adjourned meeting to the directors who are not present at the time of the adjournment.

6.12 Quorum; Required Vote.

6.12.1 A majority of the authorized number of directors, as designated by these 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 meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting. 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.

6.13 Open Meetings; Executive Sessions.

6.13.1 All organizational, regular and special meetings of the Board of Directors shall be open to all Members; however, Members who are not on the Board of Directors may not participate in deliberations or discussions at any such meeting unless expressly so authorized by the vote of a majority of a quorum of the Board of Directors.

6.13.2 Notwithstanding anything to the contrary contained in this Article, the Board of Directors may, with the approval of a majority of a quorum thereof, adjourn any 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.

6.14 Action by Unanimous Written Consent.

6.14.1 Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors. Such action by written consent shall

have the same force and effect as a unanimous vote of the directors.

6.14.2 If the Board of Directors takes action by unanimous written consent as provided in Paragraph 6.14.1 above, an explanation of such action shall be posted at a prominent place or places within the Common Area within three days after all of the written consents of the directors have been received by the Secretary of the Association.

6.15 Required Periodic Action by Board of Directors.

6.15.1 The Board of Directors shall do all of the following:

(i) Review a current reconciliation of the Association's operating accounts on at least a quarterly basis.

(ii) Review a current reconciliation of the Association's reserve accounts on at least a quarterly basis.

(ii) Review, on at least a quarterly basis, the current year's actual reserve revenues and expenses compared to the current year's budget.

(iv) Review the latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts.

(v) Review an income and expense statement for the Association's operating and reserve accounts on at least a quarterly basis.

ARTICLE 7

Officers

7.1 Officers.

7.1.1 The officers of the Association shall be a president, vice president, secretary and chief financial officer. The Association may also have, at the discretion of the Board of Directors, a chairman of the Board of Directors, one or more additional vice presidents, one or more assistant secretaries, one or more assistant financial officers and such other officers as may be appointed in accordance with the provisions of Paragraph 7.3. Any two or more offices, except those of president and secretary, may be held by the same person.

7.2 Appointment.

7.2.1 The officers of the Association, except such officers as may be appointed in accordance with the provisions of Paragraphs 7.3 or 7.5, shall be chosen annually by the Board of Directors, and each shall hold office until such person's successor shall be appointed or until such person's earlier resignation, removal or disqualification.

7.3 Subordinate Officers.

7.3.1 The Board of Directors may at any time appoint, or may designate an officer to appoint, such other officers as the business of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as the Board of Directors may from time to time determine.

7.4 Removal and Resignation.

7.4.1 Any officer may be removed, either with or without cause, by the Board of Directors; and additionally, any subordinate officers not appointed by the Board of Directors may be removed by any officer upon whom such power of removal has been conferred by the Board of Directors.

7.4.2 Any officer may resign at any time by giving written notice to the Board of Directors, or to the president or to the secretary of the Association. Any such resignation shall take effect as of the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

7.5 Vacancies.

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

7.6 Chairman of the Board.

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

7.7 President.

7.7.1 Subject to such supervisory powers, if any, as may be given by the Board of Directors to the chairman of the Board of Directors, if there be such an officer, the president shall be the general manager and chief executive officer of the Association and shall, subject to the control of the Board of Directors, 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 of Directors, or if there be none, at all meetings of the Board of Directors. 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 of Directors or these Bylaws. The President shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes of the Association.

7.8 Vice President(s).

7.8.1 In the absence or disability of the president, the vice president or, if there is more than one vice president, the vice presidents in order of their rank as fixed by the Board of Directors (or if not ranked, the vice president designated by the Board of Directors), shall perform all the duties of the president, and when so acting shall have all the powers of, and be subject to all the restrictions upon the president. The vice president(s) so performing the duties of the president shall have such other powers and perform such other duties as from time to time may be prescribed by the Board of Directors or these Bylaws.

7.9 Secretary and Assistant Secretary.

7.9.1 The secretary shall keep, or cause to be kept, at the principal office of the Association or such other place as the Board of Directors may order, a book of minutes of all meetings of the Board of Directors and Members showing (i) the date, 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 Board of Directors' meetings; (v) the number of Members present or represented at the Members' meetings, and; (vi) the proceedings thereof.

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

7.9.3 The secretary shall keep, or cause to be kept, at the principal office of the Association or at such other place as the Board of Directors may designate, current copies of the Declaration, Bylaws, Articles and such other rules and regulations concerning the Project as may be promulgated from time to time by the Board of Directors.

7.9.4 The secretary shall (i) give, or cause to be given, notice of all the meetings of the Members and of the Board of Directors required by these Bylaws or by statute to be given, (ii) keep the seal of the Association in safe custody and (iii) have such other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

7.9.5 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 of Directors (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 of Directors may from time to time prescribe.

7.10 Chief Financial Officer
and Assistant Chief Financial Officer.

7.10.1 The chief financial officer 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.

7.10.2 The chief financial officer shall co-sign all checks and promissory notes of the Association unless said authority has been delegated by the Board of Directors to a professional management agent. He shall deposit all moneys and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Association as may be ordered by the Board of Directors, shall render to the president and Board of Directors, whenever they request it, an account of all of his transactions of chief financial officer 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 of Directors or these Bylaws.

7.10.3 If required by the Board of Directors, the chief financial officer shall give the Association a bond in such sum

and with such surety or sureties as shall be satisfactory to the Board of Directors 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.

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

ARTICLE 8

Committees

8.1 Architectural Control Committee.

8.1.1 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 have such powers and perform such duties as the Board of Directors shall delegate thereto.

8.1.2 The Architectural Control Committee shall, at all times, consist of three individuals. Prior to the conveyance of the first Condominium, Declarant shall appoint three individuals who shall constitute the first Architectural Control Committee and shall serve for one year from the date of the original issuance by the California Department of Real Estate of the Final Subdivision Public Report for the Project and until their successors are appointed or until their earlier resignation or removal. Commencing one year from the date of the original issuance by the California Department of Real Estate of the Final Subdivision Public Report for the Project and each year thereafter, the Board of Directors shall appoint three Members to serve on the Architectural Control Committee for a term of one year and until their successors are appointed or until their earlier resignation or removal. All persons appointed to serve on the Architectural Control Committee shall hold office at the pleasure of the Board of Directors.

8.1.3 Any vacancy on the Architectural Control Committee by reason of death, resignation or removal by the Board of Directors shall be promptly filled by the Board of Directors with a Member(s) within 30 days after such vacancy first occurs. If any position on the Architectural Control Committee cannot be filled by the Board of Directors with a Member, then, in such event, Declarant may appoint a non-Member(s) to fill such position(s).

8.2 Executive and Other Committees.

8.2.1 The Board of Directors may, by resolution adopted by a majority of the number of directors then in office, provided that a quorum is present, create an Executive Committee, and such other committees as may be necessary from time to time, each consisting of two 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. Appointments to such committees shall be by a majority vote of the directors in office at the time of appointment. The Board of Directors may appoint one or more directors as alternate members of any committee, who may replace any absent member at any meeting of the committee. Such committees shall hold office at the pleasure of the Board of Directors and need not be reappointed annually.

ARTICLE 9

Association Records and Reports; Inspection

9.1 Records.

9.1.1 The Association shall maintain (i) adequate and correct accounts, books and records of its business and properties, (ii) a register of Members as contemplated by Subparagraph 7.9.2 of these Bylaws, (iii) minutes of proceedings of the Association, the Board of Directors, the Executive Committee, if any, the Architectural Committee and other committees of the Association and (iv) current copies of the Declaration, Bylaws, Articles and other rules and regulations concerning the Project as may be promulgated from time to time by the Board of Directors. All such books, records, accounts, registers, minutes and copies shall hereinafter be referred to collectively as the "Books and Records." The Books and Records shall be kept at the principal place of business of the Association in the State of California or at such other place as may be designated by the Board of Directors from time to time.

9.2 Inspection of Books and Records.

9.2.1 Each Member, Mortgagee and Interested Person shall be

entitled to inspect the Books and Records during normal business hours and to have the Books and Records examined, at the expense of any such Member, Mortgagee or Interested Person, by an attorney or accountant representing such Member, Mortgagee or Interested Person, and may make excerpts or copies of the Books and Records or portions thereof, and each such Member, Mortgagee or Interested Person, at its own expense, shall have the right to have the Books and Records independently audited by a public accountant. The Books and Records shall be exhibited at any time when required by a demand at any Members' meeting of at least ten percent of the Members represented at such meeting.

9.2.2 Each director shall have an absolute right, at any reasonable time, to inspect and copy the Books and Records and to inspect the physical properties owned or controlled by the Association.

9.2.3 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 of Directors shall establish reasonable rules with respect to (i) hours and days of the week when such an inspection may be made which hours shall include normal business hours, (ii) the place where such an inspection may be made, which shall be at the Office of the Association or such other place within the Project as the Board of Directors shall prescribe, and (iii) payment of the cost of reproducing copies of the Books and Records requested by a Member, a director, a Mortgagee or any of the Interested Persons.

9.2.4 The Association shall provide to an Owner, upon such Owner's written request, a statement of any delinquent assessments, penalties, attorneys' fees and other charges on such Owner's Unit as of the date of such request.

9.3 Certification and Inspection of Bylaws.

9.3.1 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, Mortgagees and Interested Persons at the Association's principal place of business at all reasonable times during office hours.

9.4 Checks, Drafts, Contracts, Reserve Accounts, Etc.

9.4.1 The president shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes of the Association. The chief financial officer shall co-sign all checks and promissory notes of the Association. Notwithstanding the foregoing, the Board of Directors may delegate the authority to sign written instruments, checks and evidences of indebtedness to a management agent. Notwithstanding

the foregoing, the signatures of the president and the chief financial officer, and if neither of them is a director, then also a member of the Board of Directors, are required for the withdrawal of moneys from the Association's reserve accounts. As used in these Bylaws, "reserve accounts" means moneys that the Board of Directors has identified from its annual budget for use to defray the future repair or replacement of, or additions to, those major components which the Association is obligated to maintain.

9.5 Financial Statements.

9.5.1 The Board of Directors shall cause to be regularly prepared and distributed to each Member, the following financial and related information concerning the Association:

(i) A budget for each fiscal year shall be distributed not less than 45 days nor more than 60 days prior to the beginning of the fiscal year. The budget shall consist of at least the following information:

(a) Estimated revenue and expenses on an accrual basis.

(b) The amount of the total cash reserves of the Association currently available for replacement or major repair of common facilities and for contingencies.

(c) An itemized estimate of the remaining life of, and the methods of funding to defray repair, replacement or additions to major components of the Common Area, the Recreation Area and facilities for which the Association is responsible.

(d) A general statement setting forth the procedures used by the Board of Directors in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the Common Area, the Recreation Area and facilities for which the Association is responsible.

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

(iii) A report consisting of the following shall be distributed within 120 days after the close of each fiscal year:

(a) A balance sheet as of the end of the fiscal year.

(b) An operating (income) statement for the fiscal year.

(c) A statement of changes in financial position for the fiscal year.

(d) A statement of the place where the names and addresses of the current Members are located.

(e) Any other information required to be reported under Section 8322 of the California Corporations Code.

(iv) For any fiscal year in which the gross income to the Association exceeds \$75,000, a copy of the review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy. In compliance with the requirements of FNMA, if the Project contains 50 or more Condominiums, the Association shall provide an audited statement for the preceding fiscal year to any Interested Person who submits a written request for same.

9.5.2 If the report referred to in Paragraph 9.6.1 (iii) above is not prepared by an independent accountant, it shall be accompanied by the certificate of the Secretary of the Association that the statement was prepared from the Books and Records of the Association without independent audit or review.

9.5.3 In addition to financial statements, the Board of Directors shall annually distribute, within 60 days prior to the beginning of the fiscal year, a statement of the Association's policies and practices in enforcing its remedies against Members for defaults in the payment of regular and special assessments, including the recording and foreclosing of liens against a Members' Condominium.

ARTICLE 10

Corporate 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 11

Amendments to Bylaws

11.1 By Members.

11.1.1 During the period of time prior to conversion of the Class B membership in the Association to Class A membership, new Bylaws may be adopted or these Bylaws may be amended or repealed by the vote of the Members entitled to exercise a majority or more of the voting power of each class of Members of the Association or by the written ballot of such Members. After conversion of the Class B membership to Class A membership in the Association, these Bylaws may be amended or repealed by the vote of (i) Members entitled to exercise a majority of the voting power of the Association, and (ii) at least a majority of the voting power of Members of the Association other than Declarant. Anything herein to the contrary notwithstanding, so long as there remains a Class B membership in the Association, no amendment shall be made to the Bylaws without the prior written approval of the VA and/or FHA; provided, however that any provision contained herein which states that the approval of the FHA is required shall be applicable only if (a) a Regulatory Agreement in form and of content as set forth in Exhibit B attached to the Declaration has been executed by the parties set forth herein and (b) FHA is insuring a loan secured by a mortgage or deed of trust encumbering a Unit. A proposed draft of any such amendment shall be submitted to the VA for its approval prior to obtaining the approval of the membership of the Association. Further, any amendment of the provisions of Article 5 entitled "Voting Rights" or Paragraph 12.1.2 of these Bylaws must be approved by 51 percent (based upon one vote for each First Mortgage owned) of all Eligible Mortgage Holders.

11.2 No Amendment by Directors.

11.2.1 Notwithstanding anything to the contrary contained herein, the Board of Directors shall not have any right or power to adopt, amend or repeal any of these Bylaws.

11.3 Record of Amendments.

11.3.1 Whenever an amendment or new bylaw is adopted, a notation of such amendment or new bylaw and a copy of the same shall be filed 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 the date specified in the written ballots by which the same were to be received by the Association shall be stated in said book.

ARTICLE 12

Amendments to Articles

12.1 Amendments.

12.1.1 Except as hereinafter provided, amendments to the Articles shall require (i) the assent (by vote or written ballot) of Members representing 67 percent or more of the voting power of each class of Members; together with (ii) a resolution to amend adopted by at least a bare majority of the Board of Directors; provided, however, that after conversion of Class B membership to Class A membership, amendment to the Articles shall require (i) the assent (by vote or written ballot) of (a) 67 percent or more of the voting power of the Association, and (b) 67 percent or more of the voting power of Members other than Declarant and (ii) a resolution to amend adopted by at least a bare majority of the Board of Directors.

12.1.2 Any written instrument amending the provisions of Article 6 of the Articles of the Association, shall comply not only with the provisions of Paragraph 12.1.1 of these Bylaws, but shall also bear, or have attached thereto, the written consent of 51 percent (based upon one vote for each First Mortgage owned) of all Eligible Mortgage Holders.

12.2 Record of Amendments.

12.2.1 Amendments shall be reflected in the book containing the original Articles. Upon the adoption of an amendment, the secretary of the Association shall file a certificate of amendment or restated Articles of Incorporation pursuant to California Corporations Code Section 7814 or 7819.

ARTICLE 13

Supremacy of Declaration

No provision of the Articles or of these Bylaws, and no action of the Association, in violation or contravention of any provision of the Declaration shall be valid, subsisting or of any effect whatsoever.

THE UNDERSIGNED, being the sole Member of the Association, as of the date hereinbelow set forth, hereby assents to the

foregoing Bylaws and adopts the same as the Bylaws of the Association.

IN WITNESS WHEREOF, the undersigned has hereunto subscribed its name this 4 day of November, 1987.

CAMINO BERNARDO ASSOCIATES,
a California limited partnership

By: W. WOLF INDUSTRIES, INC.,
a California corporation,
General Partner

By: Walter Wolf
President

By: Margaret R. Lyon
Secretary

By: Walter Wolf
Walter Wolf, General Partner

THE FALLS AT CAMINO BERNARDO OWNERS' ASSOCIATION, INC.

WRITTEN BALLOT OF SOLE MEMBER

The undersigned, being the only person who would be entitled to vote at a meeting of the Members of THE FALLS AT CAMINO BERNARDO OWNERS' ASSOCIATION, INC., a California nonprofit mutual benefit corporation (the "Association"), does hereby [check one] _____ approve _____ disapprove the adoption of the following resolution:

RESOLVED that the form of Bylaws presented to the sole Member of the Association is hereby adopted as the Bylaws of such Association.

The undersigned hereby acknowledges that (i) only the response of the undersigned is necessary to meet any quorum requirement, (ii) only an affirmative response of the undersigned is necessary for adoption of the above-proposed resolution, (iii) the vote represented by this written ballot shall be cast in accordance with the choice of approval or disapproval and (iv) this ballot must be received by the Association by _____, 19____, in order to be counted.

IN WITNESS WHEREOF, the undersigned has executed this Written Ballot of Sole Member this 4 day of November, 1987

CAMINO BERNARDO ASSOCIATES,
a California limited partnership

By: W. WOLF INDUSTRIES, INC.,
a California corporation,
General Partner

By: Walter Wolf
President

By: Margaret R. Wolf
Secretary

By: Walter Wolf
Walter Wolf, General Partner

THE FALLS AT CAMINO BERNARDO OWNERS' ASSOCIATION, INC.

UNANIMOUS WRITTEN CONSENT OF DIRECTORS

The undersigned, being all of the directors of THE FALLS AT CAMINO BERNARDO OWNERS' ASSOCIATION, INC., a California nonprofit mutual benefit corporation (the "Association"), do hereby adopt the following resolutions:

RESOLVED that the following persons are hereby appointed to hold the office(s) set forth opposite their respective names and to serve in such office(s) at the pleasure of the directors.

<u>Name</u>	<u>Office</u>
Margaret R. Wolf	President
Greg Fritz	Vice President
Michael D. Spencer	Secretary/Chief Financial Officer

RESOLVED that the president individually or the secretary and vice president jointly may act in the name of and on behalf of the Association and, by their respective signature(s), execute and deliver on behalf of the Association all agreements, contracts, conveyances, deeds, leases, mortgages and other documents requiring the signature of the Association.

RESOLVED FURTHER that the president and the chief financial officer shall co-sign all checks and promissory notes of the Association.

IN WITNESS WHEREOF, the undersigned have executed this Unanimous Written Consent of Directors pursuant to Section 7211(b) of the California Corporations Code and the Bylaws of the Association as of the 7 day of November, 1987, at San Diego, California.

Margaret R. Wolf
Margaret R. Wolf

Greg Fritz
Greg Fritz

Michael D. Spencer
Michael D. Spencer

[Corp Code §7211(b)]

THE FALLS AT CAMINO BERNARDO OWNERS' ASSOCIATION, INC.

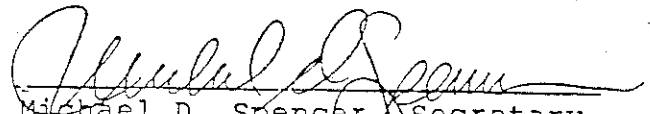
CERTIFICATE OF SECRETARY

The undersigned, being the secretary of THE FALLS AT CAMINO BERNARDO OWNERS' ASSOCIATION, INC., a California nonprofit mutual benefit corporation (the "Association"), does hereby certify that:

1. CAMINO BERNARDO ASSOCIATES, a California limited partnership is the sole member, as of the date hereinbelow set forth, of the Association; and

2. The foregoing Bylaws, comprising 34 pages, constitute the Bylaws of the Association as duly adopted by the sole member of the Association by written ballot dated _____, 19__.

IN WITNESS WHEREOF, the undersigned has executed this Certification this 4 day of November, 1987


Michael D. Spencer, Secretary
of The Falls at Camino Bernardo
Owners' Association, Inc.

[Corp Code §7215]

AMENDMENT TO BYLAWS
OF
THE FALLS AT CAMINO BERNARDO OWNERS' ASSOCIATION, INC.

The "Bylaws of The Falls at Camino Bernardo Owners' Association, Inc." dated November 4, 1987 are hereby amended as follows:

1. Article 6 entitled, "Directors; Management", Section 6.3 thereof entitled, "Number" on page 18, subsection 6.3.1 only is amended to read:

"6.3.1 The authorized number of directors of the Association shall be five (5) until changed by amendment to this paragraph of these Bylaws."

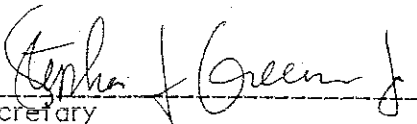
The remaining provisions of said Bylaws will remain in full force and effect except as amended above by other duly adopted and approved amendment thereto.

CERTIFICATION

The undersigned being the Secretary of The Falls at Camino Bernardo Owners' Association, Inc., a California nonprofit mutual benefit corporation, hereby certifies that:

On February 16, 1989 at a duly noticed and held special meeting of the membership of the Association, the above amendment to Article 6, Section 6.3.1 was duly approved in accordance with said Bylaws effective February 16, 1989.

IN WITNESS WHEREOF, the undersigned has executed this Certification this 14th day of February, 1990.



Secretary