

RECORDING REQUESTED BY

WHEN RECORDED MAIL TO:

W. WOLF PROPERTIES, INC.
 c/o Lawrence T. Dougherty, Esq.
 STERNBERG, EGGERS, KIDDER & FOX
 225 Broadway, Suite 2020
 San Diego, California 92101

SPACE ABOVE FOR RECORDER'S
 USE

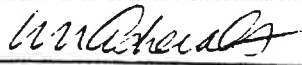
VISTA DE BERNARDO PLANNED DEVELOPMENT

DECLARATION OF NEIGHBORHOOD RESTRICTIONS

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This instrument is certified to be a true and
 exact copy of that certain instrument recorded
 on 9-6-83 as File No. 83-316567 in the
 office of the County Recorder of San Diego County.
 FIRST AMERICAN TITLE INSURANCE & TRUST CO.


 By Authorized Signature

DECLARATION OF NEIGHBORHOOD RESTRICTIONS

THIS DECLARATION OF NEIGHBORHOOD RESTRICTIONS is made and executed by W. WOLF PROPERTIES, INC., a California corporation, herein referred to as "Declarant" (more specifically defined in Article 1 hereof).

W I T N E S S E T H T H A T :

WHEREAS, Declarant is the owner of the property in San Diego County, California, described as:

Lots 1 through 81, inclusive, of Bernardo Heights Unit 16, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 10672 filed in the Office of the County Recorder of San Diego County, California on June 30, 1983.

WHEREAS, Declarant will create, on the property described above, a Planned Development pursuant to California Business and Professions Code Section 11003.

WHEREAS, the property described above is a portion of the Community of Bernardo Heights subject to that certain Declaration of Covenants, Conditions and Restrictions for the Community of Bernardo Heights, dated September 29, 1980, and recorded in the Office of the County Recorder of San Diego County, California on September 30, 1980 as File/Page No. 80-319018, as amended by that certain First Amendment to Declaration of Covenants, Conditions and Restrictions dated June 16, 1981, and recorded in the Office of the County Recorder of San Diego County, California on July 31, 1981 as File/Page No. 81-243645.

WHEREAS, Declarant is about to sell and convey portions of the property described above and Declarant desires and intends to hereby subject said property to mutual, beneficial restrictions under a general plan or scheme of improvement not only for the benefit of said property and of the future owners thereof but also for the purpose of complying with the aforesaid Declaration of Covenants, Conditions and Restrictions for the Community of Bernardo Heights, as so amended.

NOW, THEREFORE, Declarant hereby declares that all of the property described above is a separate Neighborhood as contem-

plated by the aforesaid Declaration of Covenants, Conditions and Restrictions for the Community of Bernardo Heights, as so amended, which shall be held by Declarant and shall be hereafter owned, held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and/or improved subject to the limitations, restrictions, conditions and covenants herein set forth, all of which are declared and agreed to be in furtherance of a plan for the subdivision, improvement and sale of said property and are established and agreed upon for the purposes of enhancing and protecting the value, desirability and attractiveness of said property and every part thereof. All of the limitations, restrictions, conditions and covenants herein set forth shall run with the land and shall be binding on all parties having or acquiring any right, title or interest in said property or any part thereof.

ARTICLE 1 - DEFINITIONS

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

1.1.1 "Board of Directors" shall mean the governing body of the Neighborhood Association.

1.1.2 "Community Architectural Committee" shall mean the Community Architectural Committee established pursuant to Article VIII of the Community Declaration.

1.1.3 "Community Articles" shall mean the Articles of Incorporation of the Community Association as said Articles of Incorporation may from time to time be amended.

1.1.4 "Community Assessments" shall mean any assessments from time to time levied or imposed upon a Lot pursuant to the Community Declaration.

1.1.5 "Community Association" shall mean The Community Association of Bernardo Heights, a California nonprofit mutual benefit corporation or any successor entity charged with the duties, obligations and powers of said Community Association.

1.1.6 "Community Board" shall mean the Board of Directors of the Community Association.

1.1.7 "Community Bylaws" shall mean the Bylaws for the Community Association duly adopted by the Community Board.

1.1.8 "Community Declaration" shall mean that certain Declaration of Covenants, Conditions and Restrictions for the Community of Bernardo Heights, dated September 29, 1980, and re-

corded in the Office of the County Recorder of San Diego County, California on September 30, 1980 as File/Page No. 80-319018, as amended by that certain First Amendment to Declaration of Covenants, Conditions and Restrictions, dated June 16, 1981, and recorded in the Office of the County Recorder of San Diego County, California on July 31, 1981 as File/Page No. 81-243645 and as said Declaration of Covenants, Conditions and Restrictions for the Community of Bernardo Heights may hereafter from time to time be further amended.

1.1.9 "Declarant" shall mean (i) W. Wolf Properties, Inc., a California corporation, and (ii) any successor in interest of W. Wolf Properties, Inc., a California corporation, to whom all or any of the rights of Declarant under the Neighborhood Bylaws and these Neighborhood Restrictions have been transferred and who is (a) a grantee under a deed, executed and delivered prior to the conveyance of the first Lot (defined below), which conveys the entire Project (defined below) or (b) a grantee under a deed conveying two or more Lots. Notwithstanding the provisions of the Article hereof entitled "Amendment" to the contrary, this Paragraph may not be amended without the prior written consent of Declarant, which consent must, to be effective, be filed for record in the Office of the County Recorder of San Diego County, California.

1.1.10 "Lots" shall mean all of Lots 1 through 81, inclusive, described above; "Lot" shall mean any one of the Lots.

1.1.11 "Member" shall mean an Owner, as defined hereinbelow, entitled to membership in the Neighborhood Association. Membership shall be appurtenant to and may not be separated from ownership of a Lot.

1.1.12 "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 Lot.

1.1.13 "Neighborhood Architectural Control Committee" shall mean the Neighborhood Architectural Control Committee established and formed as set forth in Article 6 of these Neighborhood Restrictions.

1.1.14 "Neighborhood Association" shall mean the Vista de Bernardo Owners' Association, an unincorporated Association composed of the Owners as defined hereinbelow.

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

1.1.16 "Neighborhood Restrictions" shall mean this instrument, as the same may from time to time be amended pursuant to the Article hereof entitled "Amendment."

1.1.17 "Owner" shall mean Declarant prior to the first conveyance of a Lot and thereafter, shall mean the person(s) who hold(s) record title to any Lot, including Declarant for as long as Declarant holds title to a Lot.

1.1.18 "Project" shall mean the Vista de Bernardo Planned Development, encompassing the Lots.

ARTICLE 2 - RESTRICTIONS ON USE OF THE LOTS

2.1 None of the Lots shall be used for other than single-family residential purposes. No buildings or structures shall be erected, altered, placed or permitted to remain on any of the Lots other than one single-family dwelling, a private garage and other customary appurtenances incidental to the residential use of a Lot.

2.2 No animals of any kind shall be maintained, bred or kept on any Lot except that dogs, cats or other customary household pets in a reasonable number and size may be kept; provided, however, that they are not kept, bred or maintained for any commercial purposes, and provided further, that the Neighborhood Association may adopt rules or regulations limiting or restricting the keeping of such pets. The Board of Directors shall specifically have the right to prohibit the maintenance of any pet which, in the opinion of the Board of Directors, after notice and hearing, constitutes a nuisance to any Owner.

2.3 No structure of a temporary character, trailer, tent, shack or other outbuilding shall be erected or placed on any Lot, either temporarily or permanently. Nothing contained in the foregoing shall be construed to preclude the use of a trailer, outbuilding or other temporary structure used to facilitate construction, or the convenience of persons engaged in construction, during the period of construction of any single-family residence on any Lot, provided that any such trailer, outbuilding or structure shall be removed forthwith upon the completion of any such single-family residence.

2.4 No noxious or offensive activity shall be carried on upon any of the Lots, nor shall anything be done thereon which may be or may become an annoyance or nuisance to any person of reasonable sensitivity residing in the Project.

2.5 No sign of any kind, except that of a customary address sign, a "For Sale" sign or a "For Rent" sign, and such signs as may be required by legal proceedings, may be displayed to the

public view on any of the Lots; provided, however, that any Owner displaying a "For Sale" or "For Rent" sign shall, in good faith and using its reasonable best efforts, endeavor to effect the sale or rental of its Lot, as the case may be. Notwithstanding the foregoing, Declarant may display or post any signs, flags, poles or other objects on any Lot owned by Declarant which Declarant, in Declarant's sole discretion, deems appropriate in connection with the sale of any of the Lots and until Declarant has conveyed the last Lot owned by Declarant in the Project. Anything in the Article of these Neighborhood Restrictions entitled "Amendment" to the contrary notwithstanding, this sentence, and the immediately preceding sentence of this paragraph, shall not be amended, modified or rescinded so long as Declarant owns a Lot which has not been conveyed to an Owner other than Declarant, without the (i) prior written consent of Declarant and (ii) the recording of such written consent in the Office of the County Recorder of San Diego County, California.

2.6 All equipment, refuse cans and other containers shall be kept screened and concealed from view from any of the Lots or streets within the Project. All rubbish, trash and refuse shall be regularly removed from each Lot and shall not be allowed to accumulate thereon.

2.7 No outside clotheslines or other outside clothes drying or airing facilities shall be erected or maintained on any Lot so as to be visible from any of the Lots or streets within the Project.

2.8 No antenna for transmission or reception of television signals or any other form of electromagnetic radiation shall be erected, used or maintained outdoors, whether attached to a building or structure or otherwise.

2.9 No commercial vehicle, automobile, truck, truck "cab," tractor, bus, motorcycle, trailer, recreational vehicle, van, camper, camper shell, motor home, mobile home, dune buggy, boat, sailboat, yacht, or other vehicle, sea-going vessel or equipment of any kind shall be parked, stored, deposited, maintained, repaired or otherwise kept on any Lot other than within a garage or other enclosed building on a Lot; provided, however, that passenger automobiles owned or regularly used by an Owner or a member of an Owner's immediate family, or guests thereof, may be temporarily parked in the driveway of such Owner's Lot during the normal waking hours of such Owner or such Owner's family. No dismantled or wrecked vehicle or equipment shall be parked, stored, deposited or the like on any Lot other than within a garage or other enclosed building on a Lot.

2.10 No Owner shall, either temporarily or permanently, use his garage for any use other than the parking of vehicles and the

storage of miscellaneous personal property; in no event shall any garage be used for human habitation.

2.11 No Owner shall lease or rent less than its entire Lot. No Owner shall lease or rent its Lot for a term of less than 60 days, except an Owner who is a lender in possession of a Lot following (i) a default in a first mortgage, (ii) a foreclosure proceeding or (iii) any deed or other arrangement in lieu of foreclosure. Other than the foregoing, there shall be no restriction on the right of any Owner to lease or rent its Lot. An Owner shall be responsible for any act of any tenant or other occupant of such Owner's Lot which constitutes a breach of any provision of the Neighborhood Bylaws, these Neighborhood Restrictions or any rule or regulation adopted by the Board of Directors.

2.12 The Owner of a Lot whose residential structure has been damaged or destroyed by fire or other calamity shall promptly and diligently cause such structure to be repaired or restored. This obligation shall not extend to the installation of furniture and the like, but is for the purpose of preventing unsightliness caused by such damage or destruction and any resultant health or safety problems to other Owners within the Project and to the public.

2.13 No commercial trade or business shall be carried on upon any Lot.

2.14 All buildings, structures and other improvements upon each Lot, including walkways and paving, shall, at all times, be maintained in good condition and repair. Each Owner shall make all appropriate repairs and replacements as often as the same shall become necessary in order to conform with the foregoing standard. In the event the provisions of this paragraph are violated, the Neighborhood Association or any agent or authorized independent contractor of the Neighborhood Association, after 30 days' prior written notice to the Owner of the Lot on which buildings, structures or improvements are not so maintained, may enter upon such Lot and perform such maintenance as may be necessary in order to put any such buildings, structures or other improvements in good condition and repair. Such entry and maintenance work shall be in addition to all other remedies available to the Neighborhood Association as provided herein. Neither the Neighborhood Association nor any officer, agent or authorized independent contractor of the Neighborhood Association shall, by such entry, be deemed guilty of any manner of trespass.

2.15 The first Owner of a Lot after Declarant shall cultivate and landscape the unimproved areas of said Lot in conformance with standards established by the Community Architectural Committee established and appointed pursuant to Article VIII of

the Community Declaration. Written and diagrammatic plans and specifications for such cultivation and landscaping shall be submitted to said Community Architectural Committee for review in time reasonably sufficient to enable the cultivation and landscaping contemplated by such plans to be completed within six months after the date upon which said first Owner acquired legal or equitable title to the Lot which is the subject of such plans and specifications which, in any event shall not be more than three months after such first Owner acquires such title. In the event the Community Architectural Committee advises the Owner submitting any such plans and specifications that all or any portion of such plans and specifications do not so comply with such standards as established by said Community Architectural Committee, said Owner shall revise said plans and specifications, or such portion thereof, so as to conform to such standards. Each such first Owner shall diligently seek to obtain approval of such plans and specifications by the Community Architectural Committee and, after receiving such approval, such Owner shall complete the cultivation and landscaping work contemplated by such plans and specifications within six months after the date upon which such Owner acquired such title to such Lot. After the completion of such cultivation and landscaping work, each Owner of each lot shall maintain the landscaping upon said Owners' Lot in good condition and in conformance with standards established by the Community Architectural Committee, removing all weeds and watering lawns and shrubs as often as the same shall be necessary. In the event any such landscaping is not so maintained, the Neighborhood Association or its agent or authorized independent contractor, after 30 days prior written notice to the Owner of the Lot in question, may enter upon such Lot and perform such landscaping work. Such entry and the performance of such landscaping shall be an addition to all other remedies available to the Neighborhood Association as provided herein. Neither the Neighborhood Association nor any officer, agent or authorized independent contractor of the Neighborhood Association shall, by such entry or the performance of such work, be deemed guilty of any manner of trespass.

2.16 No fences, hedges or walls shall be erected or maintained on any Lot, other than as are initially installed by Declarant, unless first approved by the Neighborhood Architectural Control Committee.

2.17 There shall be no exterior newspaper tubes or free-standing mailboxes except as may have been initially installed by Declarant or thereafter approved by the Neighborhood Architectural Control Committee.

2.18 No basketball standards or fixed sports apparatus shall be erected on any Lot or be attached to any Building located on any Lot, including, but not limited to, a residential structure or garage on any Lot.

ARTICLE 3 - OWNERSHIP OF EQUIPMENT

3.1 The Neighborhood Association shall be and become the owner of all maintenance and other equipment acquired by it (i) for the maintenance and improvement of the Project and (ii) to implement the performance of its other duties hereunder. The transfer of such personal property by the Neighborhood Association pursuant to the Neighborhood Bylaws shall transfer title thereto free and clear of any claim on the part of any Owner.

ARTICLE 4 - PLANNED DEVELOPMENT CHARACTER OF PROJECT

4.1 The Project is and has been developed as a planned development pursuant to California Business and Professions Code Section 11003.

4.2 Except as set forth in this Article, neither the Owners nor the Neighborhood Association shall, by act or omission, without the prior written consent of at least two-thirds of all first Mortgagees (based upon one vote for each first mortgage or first deed of trust owned) be entitled to:

(i) Abandon or terminate the planned development character of the Project;

(ii) Change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner;

(iii) Waive or abandon any scheme of regulations or the enforcement thereof pertaining to the architectural design or the exterior appearance of the residential improvements situated on the Lots or the exterior maintenance of said residential improvements;

(iv) Fail to maintain insurance coverage under an extended coverage hazard policy(ies) against loss by fire and perils with respect to all insurable personalty owned by the Neighborhood Association in an amount not less than 100 percent of the insurable value (based on then current replacement costs) of said personalty as determined annually by an insurance carrier selected by the Board of Directors pursuant to these Neighborhood Restrictions; or

(v) Use hazard insurance proceeds for losses to said personalty owned by the Neighborhood Association for other than the repair, replacement or reconstruction of said personalty.

ARTICLE 5 - THE NEIGHBORHOOD ASSOCIATION

5.1 The Neighborhood Association is, effective upon the recordation hereof, the "management body" to provide for the management, maintenance, preservation and control of the Project, all as more specifically set forth in these Neighborhood Restrictions, the Neighborhood Bylaws and any regulations from time to time adopted by the Board of Directors. In addition, the Neighborhood Association shall be a member of the Community Association in accordance with, and as more particularly set forth in, the Community Declaration.

5.2 Each Owner shall be and become a Member of the Neighborhood Association contemporaneously with his acquisition of a Lot (whether such acquisition occurs by (i) conveyance of a Lot by Declarant, (ii) voluntary transfer, assignment or conveyance of a Lot, (iii) involuntary transfer of a Lot, 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 Lot) without necessity of documentation or other action, of any kind, by any person. Further, each Owner shall be entitled to use the common areas and recreation facilities of the community contemplated by the Community Declaration as such use may be restricted or controlled from time to time by the Community Association. The Board of Directors may require that any person acquiring a Lot notify the Neighborhood Association in writing of such acquisition so as to facilitate accurate record keeping of the membership. Where two or more persons hold or own a Lot, as joint tenants or otherwise, they shall constitute a single Member.

5.3 The officers, agents, employees and independent contractors of the Neighborhood Association shall have a nonexclusive easement to enter any Lot for the purpose of performing or satisfying the duties and obligations of the Neighborhood Association hereunder, provided that such entry shall occur (i) at a reasonable hour and (ii) after reasonable notice has been given to the Owner of such Lot. Any notice providing advance notice by the time periods otherwise specified herein shall conclusively be deemed to be reasonable notice. In the event that there is an emergency and the Owner of such Lot is not available at the time of such emergency, the officers, agents, employees and independent contractors of the Neighborhood Association may enter such Lot immediately and without notice for the sole purpose of taking such action as is necessary under the circumstances.

5.4 In addition to all other rights, powers and duties possessed by and vested in the Board of Directors under these Neighborhood Restrictions and the Neighborhood Bylaws, the Board of Directors shall possess and be vested with the right and power to (i) impose reasonable monetary penalties, in such amounts as

determined by the Board of Directors in its sole discretion, against an Owner and (ii) seek reimbursement for costs as follows:

5.4.1 As a disciplinary measure for any breach of any of the (i) limitations, restrictions, conditions or covenants set forth in these Neighborhood Restrictions, (ii) provisions of the Neighborhood Bylaws or (iii) rules or regulations adopted by the Board of Directors pursuant to these Neighborhood Restrictions or the Neighborhood Bylaws.

5.4.2 As a means of reimbursing the Neighborhood Association for costs incurred by the Neighborhood Association (i) for the repair of damages to any personal property owned by the Neighborhood Association allegedly caused by such Owner, its guests or any occupant of such Owner's Lot or (ii) in bringing such Owner or the occupant of such Owner's Lot and/or said Lot into compliance with these Neighborhood Restrictions, the Neighborhood Bylaws or said rules and regulations.

5.5 Any imposition of a monetary penalty or any reimbursement for costs incurred pursuant to Paragraph 5.4 must be done in good faith and in a fair and reasonable manner. Prior to the institution of a legal action for the collection of such monetary penalty or for reimbursement of such costs as hereinafter provided, the Neighborhood Association may follow the non-judicial procedure hereinafter set forth. The Owner may be given 15 days' prior written notice of the imposition of a monetary penalty, or the amount of the costs to be reimbursed. Said notice must set forth the reason for the imposition of the monetary penalty or for incurring such costs 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 Owner shown on the Neighborhood Association's records. The Owner 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 each monetary penalty, or by which such costs are to be so reimbursed, by a properly convened meeting of the Board of Directors. Any such breach which is not remedied in the calendar month in which any such monetary penalty or charge is imposed against an Owner by reason thereof shall, until fully remedied, be deemed to constitute a new breach in each succeeding calendar month for which the Board of Directors may in each such calendar month impose a new monetary penalty pursuant to this Paragraph.

5.6 The amount of each monetary penalty or the amount of costs to be reimbursed in accordance with Paragraph 5.4 above (any such amount hereinafter being referred to as a "Assessment") shall be a debt of the Owner who is, or whose Lot is, the subject thereof at the time such Assessment is made. The Neighborhood

Association, at its option, shall have the right and power to institute a legal action against an owner seeking a personal judgment against such Owner for the amount for such Assessment, together with court costs and reasonable attorneys' fees incurred in any such action, and the institution and prosecution of such action shall be deemed to be a fair and reasonable procedure as required by this Article. Alternatively, the amount of any such Assessment together with any late payment penalty, costs and reasonable attorneys' fees in the event enforcement is commenced shall be and become a lien upon the Lot of such Owner when the Board of Directors causes to be recorded in the Office of the County Recorder of San Diego County, California, a notice of assessment, which shall state the amount of such Assessment and any late payment penalty, costs and attorneys' fees, a description of the Lot and the name of the record Owner thereof. Upon payment of said Assessment and charges in connection with which such notice has been so recorded, or other satisfaction thereof, the Board of Directors shall cause to be recorded a further notice stating the satisfaction and the release of the lien thereof. Unless sooner satisfied and released or the enforcement thereof is initiated as herein provided, such lien shall expire and be of no further force or effect one year after the date of recordation of said notice of assessment; provided, however, that said one-year period maybe extended by the Board of Directors for not more than one additional year by recording a written extension thereof.

5.7 Such lien may be enforced by sale of the Lot by the Board of Directors, on behalf of the Neighborhood Association, its attorney or other person authorized by the Board of Directors to conduct the same after failure of the Owner to pay such an Assessment in accordance with its terms; such sale shall be conducted in accordance with the provisions of California Civil Code Sections 2924, 2924b, and 2924c, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law. The Board of Directors, on behalf of the Neighborhood Association, shall have the right to (i) bid at any foreclosure sale of a Lot, (ii) a credit, in any such bidding, in the amount of the aggregate of the unpaid Assessment(s) and said late charges, fees and other charges (as permitted by law) and (iii) hold, lease, mortgage and/or convey said Lot in the name of the Neighborhood Association.

5.8 In the event the Neighborhood Association does not receive an Owner's payment of the entire amount of an Assessment imposed upon its Lot pursuant to this Article within ten days after the due date thereof, a late payment penalty by way of damages shall immediately due and payable by such Owner. Each of the Owners recognizes and acknowledges that the late payment of any Assessments will cause the Association to incur additional costs and expenses in connection with its management, mainten-

ance, preservation and control of the Project. In the event of any such late payment, the Neighborhood Association shall be entitled to damages for the detriment caused thereby, but it is extremely difficult and impractical to ascertain the extent of such damages. Accordingly, each Owner shall pay to the Neighborhood Association a late payment penalty equal to such amount as may be provided under rules or regulations then promulgated by the Board of Directors, provided that such amount shall not exceed the sums for such late payment penalties allowed by law (see, e.g., Title I, Part 4 of Division 3 of the California Civil Code). Such late payments penalties shall be liquidated damages for all such costs and expenses, other than attorneys' fees, court costs and other costs incurred by the Association in connection with the creation and/or foreclosure of a lien for delinquent regular or special assessments. Acceptance of any such late payment penalty by the Neighborhood Association shall in no event constitute a waiver of such Owner's default with respect to the late payment (i.e., the overdue amount), nor prevent the Neighborhood Association from exercising any of its other rights and remedies hereunder or at law. In addition to the late payment penalty described above, each Owner shall pay to the Neighborhood Association the amount of reasonable attorneys' fees, court costs and other costs incurred by the Neighborhood Association in connection with the creation and/or foreclosure of a lien for delinquent Assessments.

ARTICLE 6 - NEIGHBORHOOD ARCHITECTURAL CONTROL

6.1 A Neighborhood Architectural Control Committee consisting, at all times, of three persons, shall be formed as set forth below and in the Neighborhood Bylaws, for the purposes of performing its duties as described in these Neighborhood Restrictions and the Neighborhood Bylaws and as may be delegated to it, from time to time, by the Board of Directors. The original Neighborhood Architectural Control Committee shall be appointed by Declarant. Thereafter, the Neighborhood Architectural Control Committee shall be appointed in accordance with the Neighborhood Bylaws (subject to Declarant's rights herein reserved). Declarant hereby reserves to itself the power to appoint a majority of the members of the Neighborhood Architectural Control Committee until all of the Lots have been sold by Declarant.

6.2 No building, fence, wall or other structure shall be constructed, erected, placed or altered upon any Lot, nor shall any alteration or change be made to the exterior of any residential structure situated upon a Lot, nor shall any trees, bushes, shrubs or plants which are in excess of six feet in height, or are likely to grow to a height in excess of six feet, be planted or placed on any Lot, until the building or alteration plans, landscaping plans, specifications, location plat and color scheme

thereof have been approved by the Neighborhood Architectural Control Committee. In considering any such plans, the Neighborhood Architectural Control Committee shall take into account (i) the quality of workmanship and materials to be used, (ii) harmony of external design with existing structures in the Project (iii) the interference, or potential for interference with the view from any Lot and (iv) compliance with this Declaration. In the event the Neighborhood Architectural Control Committee fails to approve or disapprove any such plans, specifications, plats or schemes within 30 days after all necessary documents have been received by the Neighborhood Architectural Control Committee, the Owner requesting said approval may submit a written notice to the Neighborhood Architectural Control Committee advising the same of its failure to act; only if the Neighborhood Architectural Control Committee fails to approve or disapprove any such plans, specifications, plats or schemes within 30 days after the receipt of said notice from the Owner, said plans, specifications, plats or schemes shall be incontrovertibly deemed to be approved.

6.3 Notwithstanding the Article hereof entitled "Amendment," no amendment, revocation or rescission of this Article may be had, nor shall Declarant, or any successor thereof, be prohibited from completing the construction and development of the Project prior to the conveyance by Declarant (or its successor) of the last Lot without the (i) written consent of Declarant and (ii) recording of such consent in the office of the Recorder of San Diego County, California. Such written consent shall not be required after the conveyance by Declarant (or its successor) of all the Lots.

ARTICLE 7 - COMMUNITY ASSOCIATION

7.1 The officers, agents, employees and independent contractors of the Community Association shall have a nonexclusive easement to enter upon the Project, or any portion thereof, for the purpose of performing or satisfying the duties and obligations of the Community Association as set forth in the Community Declaration, the Community Bylaws, the Community Articles and the rules and regulations of the Community Board and the Community Architectural Committee.

7.2 The lien of any Assesment imposed upon any Lot pursuant to these Neighborhood Restrictions shall be subordinate and inferior to the lien of an assessment imposed upon such Lot pursuant to the Community Declaration.

7.3 Declarant, for each Lot which it owns within the Project, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, does and is hereby deemed to covenant and agree to pay to the Community Association, any Community Assessments imposed upon such Lot. The Community Assessments

shall be collected as provided in the Community Declaration. The Community Association, in its sole and absolute discretion, may elect to require the Neighborhood Association to administer, levy, collect and enforce the Community Assessments imposed upon Lots within the Project. All such funds collected by the Neighborhood Association shall be held in trust by the Neighborhood Association for the benefit of the Community Association, and such funds shall be disbursed to the Community Association as provided in the Community Declaration. The Community Association, in its sole and absolute discretion, may elect to administer, levy, collect and enforce the assessments provided for under these Neighborhood Restrictions. All such funds collected by the Community Association shall be utilized in the manner and for the purposes specified in these Neighborhood Restrictions and in the Community Declaration, the Community Bylaws, the Community Articles, and the rules and regulations of the Community Board and the Community Architectural Committee.

7.4 In addition to all of the rights and obligations which have been conferred or imposed upon the Neighborhood Association pursuant to these Neighborhood Restrictions or the Neighborhood Bylaws, the Neighborhood Association shall be entitled to exercise any of the rights conferred upon it and be subject to all of the obligations imposed upon it pursuant to the Community Declaration, the Community Bylaws or the Community Articles. The Neighborhood Association (including, without limitation, the Neighborhood Architectural Committee of the Association) shall also be subject to all superior rights and powers which have been conferred upon the Community Association pursuant to the Community Declaration, the Community Bylaws and the Community Articles.

7.5 Each Owner and such Owner's Lot(s) shall be subject to all of the covenants, conditions, restrictions and provisions contained in the Community Declaration. In the event of any conflict between any of the covenants, conditions, restrictions or provisions of these Neighborhood Restrictions or the Neighborhood Bylaws with any of the covenants, conditions, restrictions or provisions of the Community Declaration, the Community Bylaws or the Community Articles, then, in such event, the covenants, conditions, restrictions and provisions of the Community Declaration, the Community Bylaws and the Community Articles shall govern and prevail.

ARTICLE 8 - ACCOUNTING

8.1 The Board of Directors shall maintain books of account of all its receipts and expenditures and shall cause such books to be examined annually as of the close of each fiscal year and a report to be made thereon to the Neighborhood Association. Each Owner (or its duly appointed representative) and each first Mortgagee shall be entitled at reasonable times to inspect the

books and records of the Neighborhood Association, to have such books and records examined at said Owner's or first Mortgagee's expense by an attorney or accountant representing such Owner or first Mortgagee and to make excerpts or copies of such books and records or portions thereof, and each such Owner (or its duly appointed representative) or first Mortgagee, at his own expense, shall have the right to have such books and records independently audited by an accountant.

ARTICLE 9 - SCOPE; ENFORCEMENT

9.1 The limitations, restrictions, conditions and covenants set forth in these Neighborhood Restrictions constitute a general scheme for (i) the maintenance, protection and enhancement of the value of the Project and all Lots and (ii) the benefit of all Owners. Said limitations, restrictions, conditions and covenants are imposed on each Lot for the benefit of every other Lot and the present and future Owners thereof. Said limitations, restrictions, conditions and covenants are and shall be covenants running with the land or equitable servitudes, as the case may be. The Community Association is, and shall be deemed to be, a third party beneficiary of the provision of these Neighborhood Restrictions.

9.2 Notwithstanding the provisions of the Article hereof to the contrary, at any time, 65 years after the date of recordation of these Neighborhood Restrictions, these Neighborhood Restrictions and each and every limitation, restriction, condition and covenant contained herein may be terminated and extinguished upon execution and filing for record in the Office of the County Recorder of San Diego County, California, of a written instrument which (i) declares that the provisions of these Neighborhood Restrictions are thereby terminated and extinguished, (ii) is signed and acknowledged by the Owners entitled to exercise a majority of the total voting power of the Association and (iii) bears, or has attached thereto, the consent of two-thirds of all first Mortgagees as of the time of recordation of said written instrument.

9.3 Breach of any of said limitations, restrictions, conditions or covenants (or the continuation thereof) may be enjoined, abated or remedied by appropriate legal proceedings by (i) the Neighborhood Association, (ii) the Community Association, (iii) any Owner, its heirs, devisees, executors, administrators, successors and assigns or (iv) any Mortgagee, any of whom is herein referred to as an "Enforcing Person." Damages at law for any such breach, other than breach by failure to pay assessment(s), are hereby declared to be inadequate.

9.4 The result of or condition caused by a violation of any of said limitations, restrictions, conditions or covenants, other

than the payment of assessment(s), is and shall be a nuisance, and every remedy in law or equity now or hereafter available against a public or private nuisance may be exercised by any Enforcing Person.

9.5 The failure of any Enforcing Person to enforce any of said limitations, restrictions, conditions or covenants shall not constitute a waiver of the right to enforce the same thereafter. No liability shall be imposed on or incurred by any Enforcing Person as a result of such failure.

9.6 The prevailing party in any action at law or in equity instituted by an Enforcing Person(s) to enforce or interpret the limitations, restrictions, conditions or covenants contained herein shall be entitled to all costs incurred in connection therewith, including but not limited to court costs and reasonable attorneys' fees.

ARTICLE 10 - RIGHTS OF MORTGAGEES

10.1 Any Owner may voluntarily or involuntarily encumber his Lot with or by a real property mortgage, deed of trust or other instrument of hypothecation.

10.2 A breach of any of the foregoing limitations, restrictions, conditions or covenants shall not defeat or render invalid the lien of any first mortgage or first deed of trust made in good faith and for value as to a Lot or any undivided interest therein; provided, however, such limitations, restrictions, conditions and covenants shall be binding upon and effective against any person whose title to said Lot is acquired by foreclosure, trustee's sale or otherwise.

10.3 Each and every lien created by or pursuant to this Declaration, including but not limited to, the assessment liens described in the Article hereof entitled "Assessments" is and shall be subordinate, inferior and subject to the lien and charge of any (i) real property first mortgage or first deed of trust of record prior to the date of said lien encumbering any Lot and given for value and (ii) blanket construction (including acquisition) mortgage(s) or deed(s) of trust encumbering all or any part of the Project which mortgage(s) or deed(s) of trust may have been subordinated to these Neighborhood Restrictions.

10.3.1 Any person who acquires title to any Lot by purchasing the same at a foreclosure or trustee's sale of a first mortgage or first deed of trust, shall take title to such Lot free of any (i) claims by or on behalf of the Neighborhood Association for unpaid assessments accruing prior to the time such purchaser takes title to such Lot and (ii) assessment lien then encumbering any such Lot. Such unpaid assessments shall be reallocated among the Owners (other than said purchaser).

10.3.2 In the event any Mortgagee (i) shall acquire title to any Lot by judicial foreclosure, exercise of power of sale contained in any real property mortgage or deed of trust, or deed in lieu of foreclosure and (ii) shall thereafter sell and convey such Lot, any real property mortgage or deed of trust received by such lender as security for all or a portion of the purchase price of such Lot shall be incontrovertibly deemed "given for value." Notwithstanding the provisions of Paragraph 10.3 above, any lien created by or pursuant to these Neighborhood Restrictions, which lien arises from failure to pay assessment(s) accruing during the period of such Mortgagee's holding of title to said Lot, shall be a lien superior to the lien of said real property mortgage or deed of trust received to secure a portion of said purchase price.

10.4 In the event of any breach or default hereunder by any Owner, and in the further event such breach or default is not cured within 60 days after its occurrence, the Board of Directors shall, if any first Mortgagee shall have so requested of the Neighborhood Association, immediately notify, in writing, such first Mortgagee of such Owner's Lot of said default; provided, however, failure to give such notice shall in nowise affect any right or remedy of any enforcing person under the Article hereof entitled "Scope; Enforcement."

10.5 Each first Mortgagee shall be entitled, upon request, to (i) receive notice of any and all meetings of the Neighborhood Association and (ii) designate a representative to attend such meetings on its behalf.

10.6 In the event there shall be any express or implied conflict between any provision of this Article and any other provision of these Neighborhood Restrictions, the provisions of this Article shall govern and prevail.

ARTICLE 11 - AMENDMENT

11.1 These Neighborhood Restrictions may be amended only by written instrument (or counterparts thereof) (i) signed and acknowledged (a) by the Owners entitled to exercise 67 percent of the total voting power in each of the two voting classes of the Association, as provided in the Article of the Neighborhood Bylaws entitled "Voting Rights" or (b) upon cessation of one of the two voting classes, by the Owners entitled to exercise 67 percent of the total voting power in the remaining voting class, provided that such signatures include the signatures of not less than a majority of Owners other than Declarant and (ii) filed for record in the Office of the County Recorder of San Diego County, California. Any written instrument amending these Neighborhood Restrictions shall bear, or have attached thereto,

the written consent of (i) the Community Board or other governing body of the Community Association, and (ii) until September 30, 1990, of the "Declarant" identified in the Community Restrictions. Further, any written instrument amending these Neighborhood Restrictions shall bear, or have attached thereto, the written consent of first Mortgagees as of the time of recording such amendment having at least 67 percent of the total votes of all first Mortgagees (based upon one vote for each mortgage or deed of trust owned), if such amendment would affect to any degree the rights, powers, privileges, interests or security of first Mortgagees as set forth in the Article hereof entitled "Planned Development Character of the Project," "The Neighborhood Association," "Accounting," "Scope; Enforcement," "Rights of Mortgagees" and the following paragraphs hereof: 1.1.12, 2.1, 2.9 and 11.1.

11.2 Each such amendment to this instrument shall become effective only upon being filed for record as hereinabove provided and shall, from and after its effective date, be as effective as this instrument as to all (i) the Lots, (ii) the Project and (iii) the Owners (as of the effective date) and their successors in interest.

ARTICLE 12 - GENERAL PROVISIONS

12.1 Notices required by these Neighborhood Restrictions, or desired, to be given shall be conclusively deemed served (i) if personally served, at the time of such service, and (ii) if mailed, 48 hours after deposit thereof in the United States mail, postage prepaid, addressed to the person(s) to whom such notice is to be given at the last known address of such person(s).

12.2 In the event any limitation, restriction, condition, covenant or provision contained in these Neighborhood Restrictions is held to be invalid, void or unenforceable by any court of competent jurisdiction, the remaining portions of these Neighborhood Restrictions shall, nevertheless, be and remain in full force and effect.

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

12.4 Captions in these Neighborhood Restrictions are inserted for convenience of reference only and do not define, describe or limit the scope or the intent of these Neighborhood Restrictions or any of the terms hereof.

12.5 These Neighborhood Restrictions and every provision hereof shall be construed to facilitate the operation of the Project.

IN WITNESS WHEREOF, these Neighborhood Restrictions have been executed as of the 24 day of AUGUST, 1983.

W. WOLF PROPERTIES, INC.,
a California corporation

By Walter E. Wolf x

President

By Elaine M. Huston : x

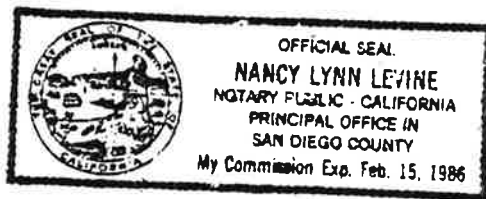
Secretary

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN DIEGO)

On Aug 24, 1983, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Walter E. Wolf, known to me to be the President, and Elaine M. Huston, known to me to be the Secretary, of W. WOLF PROPERTIES, INC., a California corporation, and acknowledged to me that such corporation executed the within instrument pursuant to its Neighborhood Bylaws or a resolution of its Board of Directors.

WITNESS my hand and official seal.

Nancy Lynn Levine
Notary Public in and for said
County and State



SUBORDINATION TO DECLARATION OF RESTRICTIONS

FOR GOOD, VALUABLE AND ADEQUATE CONSIDERATION, receipt of which is hereby acknowledged, FIDELITY FEDERAL SAVINGS AND LOAN ASSOCIATION, a federally chartered savings and loan association, as beneficiary under that certain deed of trust and assignment of rents recorded June 30, 1983, at File/Page No. 83-223705, Official Records of San Diego County, California, hereby consents to the recordation of, and subordinates the lien and charge of said deed of trust and assignment of rents to, the foregoing Declaration of Restrictions.

Dated: Aug 29, 1983

FIDELITY FEDERAL SAVINGS AND
LOAN ASSOCIATION, a federally
chartered savings and loan
association

By [Signature] President

By [Signature] Secretary

ILLINOIS
STATE OF ~~CALIFORNIA~~)
) SS
COUNTY OF Knox)

On August 29, 1983, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Jimmy A. Gills, known to me to be the _____ President, and Richard P. Strader, known to me to be _____ Secretary of FIDELITY FEDERAL SAVINGS AND LOAN ASSOCIATION, a federally chartered savings and loan association, and acknowledged to me that such association executed the within instrument pursuant to its bylaws or a resolution of its Board of Directors.

WITNESS my hand and official seal.

[Signature]
Notary Public in and for said
County and State
My Commission Expires December 2, 1984

CERTIFICATE OF SECRETARY
of
Vista de Bernardo Owners' Association
a California Nonprofit
Mutual Benefit Corporation

I, the undersigned, do hereby certify the following:

- (1) I am the duly elected Secretary of the Vista de Bernardo Owners Association, a California nonprofit mutual benefit corporation;
- (2) the foregoing Second Amended and Restated Bylaws of said Association received the required approval of the membership of the Association; and
- (3) the foregoing Second Amended and Restated Bylaws are duly adopted as the Restated Bylaws of the Association effective as of the date set forth below.

Dated: 25 October 2001



Sherri Petro
Secretary

Section 6.3.1 of the Bylaws is amended to read as follows:

6.3.1 The authorized number of directors of the Neighborhood Association shall be three, five, or seven, until the number of directors is changed again by amendment to this paragraph of these Bylaws. In the annual meeting prior to the election of board members, the membership will determine, the number of directors (3, 5, or 7) to be elected based upon the number of candidates or persons willing to serve.

Section 9.1.3 is added through amendment as a new section of the Bylaws to read as follows:

9.1.3 The Board of Directors of the Neighborhood Association shall maintain the book, *Vista de Bernardo Regulations*. This book will contain all regulations established from time to time, except those in regard to architectural and landscape standards (see 9.1.2). The Board of Directors will create new, obsolete old, or modify existing regulations only by amendment to this book. The Secretary of the Board or another assigned Board Member will be responsible for keeping the book current.

CERTIFICATE OF SECRETARY
of
Vista de Bernardo Owners Association
a California Nonprofit
Mutual Benefit Corporation

I, the undersigned, do hereby certify the following:

- (1) I am the duly elected Secretary of the Vista de Bernardo Owners Association, a California nonprofit mutual benefit corporation;
- (2) the foregoing First Amended and Restated Bylaws of said Association received the required approval of the membership of the Association; and
- (3) the foregoing First Amended and Restated Bylaws are duly adopted as the Restated Bylaws of the Association effective as of the date set forth below.

Dated: 7 December 2000



Sherri Petro
Secretary

Section 6.3.1 of the Bylaws is amended to read as follows:

6.3.1 The authorized number of directors of the Neighborhood Association shall be three, five, or seven based upon a willingness of the members to serve, until the number of directors is changed again by amendment to this paragraph of these Bylaws.

Section 8.1.6 of the Bylaws is amended to read as follows:

8.1.6 Meetings of the Neighborhood Architectural Control Committee shall be held, from time to time, at such times as deemed necessary by any two of the three members of the Neighborhood Architectural Control Committee in order for the Neighborhood Architectural Control Committee to properly perform its duties. All meeting of the Neighborhood Architectural Control Committee shall be held within the Project. Notice of all meetings of the Neighborhood Architectural Control Committee shall be given and posted in the same manner as required by these Bylaws for regular meetings of the Board of Directors. However, the Neighborhood Architectural Control Committee may meet without posted notice to approve an application of improvement in an emergency and pass it on to the Community Association with a request for immediate approval. Additionally, the provisions of these Bylaws pertaining to waivers of notice, written consents, quorum requirements, required vote, open meetings, executive sessions, and unanimous written consents as related to Board of Director's meetings shall also pertain to meetings of the Neighborhood Architectural Control Committee. The Neighborhood Architectural Control Committee shall keep and maintain a record of all actions taken by it at such meetings or otherwise.

Section 9.1.2 is added through amendment as a new section of the Bylaws to read as follows:

9.1.2 The Board of Directors of the Neighborhood Association shall maintain the book, *Vista de Bernardo Architectural and Landscape Standards*. This book will contain all regulations established from time to time (see 6.2.1.i) in regard to architectural and landscape standards. The Board of Directors will create new, obsolete old, or modify existing architectural and landscape standards only by amendment to this book. The Secretary of the Board or another assigned Board Member will be responsible for keeping the book current. Further, this book establishes the standards delegated by the Board of Directors to which the Neighborhood Architectural Control Committee (see 8.1.1), together with the standards established in the *Vista de Bernardo Planned Development Declaration of Neighborhood Restrictions*, will base approvals of architectural and landscape changes.

BYLAWS OF

VISTA DE BERNARDO
OWNERS' ASSOCIATION

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BYLAWS
OF
VISTA DE BERNARDO
OWNERS' ASSOCIATION

ARTICLE 1 - DEFINITIONS

1.1 Board of Directors.

1.1.1 "Board of Directors" shall mean the Board of Directors of the Neighborhood Association.

1.2 Bylaws.

1.2.1 "Bylaws" shall mean this instrument as the same may from time to time be amended.

1.3 Community Association.

1.3.1 "Community Association" shall mean The Community Association of Bernardo Heights, a California nonprofit mutual benefit corporation, or any successor entity charged with the duties, obligations and powers of said Community Association.

1.4 Community Declaration.

1.4.1 "Community Declaration" shall mean that certain Declaration of Covenants, Conditions and Restrictions for the Community of Bernardo Heights, dated September 29, 1980, and recorded in the Office of the County Recorder of San Diego County, California on September 30, 1980, as File/Page No. 80-319018, as amended by that certain First Amendment to Declaration of Covenants, Conditions and Restrictions, dated June 16, 1981, and recorded in the Office of the County Recorder of San Diego County, California on July 31, 1981, as File/Page No. 81-243645 and as said Declaration of Covenants, Conditions and Restrictions for the Community of Bernardo Heights may hereafter from time to time be further amended.

1.5 Declarant.

1.5.1 "Declarant" shall mean (i) W. Wolf Properties, Inc., a California corporation, which constitutes the Declarant under the Neighborhood Restrictions (defined below) and (ii) any successor in interest of said W. Wolf Properties, Inc., to whom all or any of the rights of Declarant under the Neighborhood Restriction

tions and these Bylaws have been transferred and who is (a) a grantee under a deed, executed and delivered prior to the conveyance of the first Lot (defined below), which conveys the entire Project (defined below) or (b) a grantee under a deed conveying two or more Lots. Notwithstanding the provisions of the Article hereof entitled "Amendments to Bylaws" to the contrary, this Paragraph may not be amended without the approval of Declarant.

1.6 Lots; Lot.

1.6.1 "Lots" shall mean all of Lots 1 through 81, inclusive, as more particularly described in the Neighborhood Restrictions; "Lot" shall mean any one of the Lots.

1.7 Member.

1.7.1 "Member" shall mean an Owner, as defined hereinbelow, entitled to membership in the Neighborhood Association. Membership shall be appurtenant to and may not be separated from ownership of a Lot.

1.8 Neighborhood Association.

1.8.1 "Neighborhood Association" shall mean the Vista De Bernardo Owners' Association, an unincorporated association, composed of the Owners as defined hereinbelow.

1.9 Neighborhood Restrictions.

1.9.1 "Neighborhood Restrictions" shall mean that certain Declaration of Neighborhood Restrictions recorded _____, 19__, File/Page No. _____, Official Records of San Diego County, California, as such Declaration of Neighborhood Restrictions may from time to time be amended.

1.10 Owner.

1.10.1 "Owner" shall mean Declarant prior to the first conveyance of a Lot and thereafter, shall mean the person(s) who hold(s) record title to any Lot, including Declarant for as long as Declarant holds title to a Lot.

1.11 Project.

1.11.1 "Project" shall mean the Vista de Bernardo Planned Development, encompassing the Lots.

ARTICLE 2 - FUNCTIONS OF THE NEIGHBORHOOD ASSOCIATION

2.1 Purpose.

2.1.1 The Neighborhood Association shall act as a "management body" for the management, preservation, maintenance, archi-

tectural control and improvement of the Project and shall provide for the representation of the Owners at meetings of the Community Association as permitted by the Community Declaration. The Neighborhood Association is subject to the limitations, covenants, conditions, restrictions, terms and provisions of the Neighborhood Restrictions.

2.2 Assessments.

2.2.1 Pursuant to the Article of the Neighborhood Restrictions entitled "The Neighborhood Association," it shall be the duty of the Board of Directors to fix, alter, collect and enforce charges and penalties upon Owners. Each Owner shall be liable to pay to the Neighborhood Association each charge or penalty levied upon such Owner's Lot(s) under the provisions of the Neighborhood Restrictions.

ARTICLE 3 - MEMBERSHIP

3.1 Members.

3.1.1 The Neighborhood 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 hereof. No Owner shall hold more than one membership in the Neighborhood Association. No certificate of membership, identity card or other document evidencing membership in the Neighborhood 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 of the Neighborhood Association contemporaneously with its acquisition of a Lot (whether such acquisition occurs by (i) conveyance of a Lot by Declarant, (ii) voluntary transfer, assignment or conveyance of a Lot, (iii) involuntary transfer of a Lot, 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 Lot), without necessity of documentation or other action, of any kind, by any person. The Neighborhood Association may require that any person acquiring a Lot shall notify the Neighborhood 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 Lot, they shall constitute a single Member. Prior to the conveyance of a Lot by Declarant, Declarant shall be a Member as to such Lot. Transfer of membership in the Neighborhood Association shall be only by the above-specified means.

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 to 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 a majority of the Lots in the Project. 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 and in such place as may be designated by the Board of Directors. If the date of the annual meeting as so determined is a legal holiday, then the meeting shall be held on the next-succeeding regular 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 Neighborhood 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, shall 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 Neighborhood Association.

4.3.2 Until such time as 75 percent of the Lots have been sold to Owners other than Declarant, a special meeting of Members shall be called by the Board of Directors for any issue which requires the approval of a specified percentage of the "Community Voting Rights" as contemplated by Paragraph 3.4 of the Community Declaration. Anything in these Bylaws to the contrary notwithstanding, the notice of such special meeting of Members shall inform the Members of the issue which is the subject of the special voting procedures as contemplated by said Paragraph 3.4 of the Community Declaration.

4.3.3 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 Neighborhood Association, upon request in writing signed by Members entitled to call a meeting of Members and delivered by first class, registered or certified mail to the Board of Directors at the principal office of the Neighborhood 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. 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 15 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 Neighborhood Association or to the address supplied by it to the Neighborhood 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 Neighborhood Association, when addressed and mailed or delivered to one of such Members, at the address appearing on the books of the Neighborhood 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 5 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 Neighborhood 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 Neighborhood 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 Neighborhood 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 Neighborhood Association. 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 Neighborhood 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 $33\frac{1}{3}$ percent of the voting power of the Neighborhood 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.

ARTICLE 5 - VOTING RIGHTS

5.1 Members' Right to Vote.

5.1.1 Only persons who are Members of the Neighborhood 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 Lot owned. The lone Class B Member shall be Declarant, who shall be entitled to three votes for each Lot owned. Declarant's Class B voting status shall cease and convert to Class A voting status when the total votes outstanding in Class A equal the total votes outstanding in Class B. If record title to a Lot 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 attributable 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 Neighborhood 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 each director to be elected, a Member shall have the number of votes as set forth above for each Lot 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 Neighborhood Association present at such meeting shall be required for Members to transact any business thereat, except (i) where the vote is with regard to an issue subject to the special voting procedures contemplated by Subparagraph 4.3.2 of these Bylaws, or (ii) as may be otherwise provided in these Bylaws or the Neighborhood Restrictions.

5.3.3 When a quorum is present at any special meeting of Members called for a vote with regard to an issue which is subject to the special voting procedures contemplated by Subparagraph 4.3.2 of these Bylaws, the vote of the Owners (other than

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Declarant) shall be determined and recorded so as to reflect the number of votes cast by the Owners in favor and the number of votes cast against such issue. The proportion of Owners in favor of and against such issue shall be conclusively determined by such vote and the President, or the Vice President, as the case may be, shall cast the vote of the Neighborhood Association in favor of or against such issue (or in favor of or against each alternative for any such issue presenting multiple alternatives) in the same proportion as that of the vote so cast by the Owners in favor of or against such issue (or in favor of or against each alternative for any such multiple alternatives), at a meeting of the Community Association called to determine the vote on such issue.

5.3.4 Every Member entitled to vote at any election of directors of the Neighborhood Association may cumulate its 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 it is entitled, or distribute its votes on the same principle among as many candidates as it 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 of the Member's intention to cumulate votes. If any one Member has given such notice, all Members may cumulate their votes for candidates in nomination. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected directors of the Neighborhood Association.

5.3.5 For as long as (i) a majority of the voting power of the Neighborhood 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.

5.3.6 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 Neighborhood 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 Neighborhood 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 Neighborhood 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 the 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 these Bylaws (iv) repealing, restricting, creating or expanding proxy rights, (v) the winding up and dissolving of the Neighborhood 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 Neighborhood Association. Except as aforesaid, all proxies shall be revocable and shall automatically terminate upon transfer of title of a Lot by the Owner, or upon the death or incapacity of the Member giving the proxy; provided, however, Declarant may execute proxies which may be irrevocable for the maximum period allowed by law.

ARTICLE 6 - DIRECTORS; MANAGEMENT

6.1 General Powers.

6.1.1 Subject to the limitations of the Neighborhood Restrictions, of these Bylaws and of the laws of the State of Cali-

for as to action to be authorized or approved by shareholders of a corporation, all Neighborhood Association powers shall be exercised by or under authority of, and the business and affairs of the Neighborhood Association shall be controlled by, the Board of Directors. The Board of Directors may delegate the management of the activities of the Neighborhood Association to any person or persons, management company or committee however composed, provided that the activities and affairs of the Neighborhood Association shall be managed and all Neighborhood 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 Neighborhood Restrictions and these Bylaws.

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

(iii) To levy charges or penalties and otherwise act as set forth in, and subject to the provisions of, the Neighborhood Restrictions and these Bylaws.

(iv) To enforce the provisions of the Neighborhood Restrictions, 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 Neighborhood Restrictions by any Owner.

(v) To contract, provide and pay for (a) maintenance, gardening and other services and (b) legal and accounting services.

(vi) To contract for and purchase tools, equipment, materials, supplies and other personal property and services for maintenance and gardening.

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

(viii) To suspend temporarily the (a) right of an Owner to use any recreational facilities within the community contemplated by the Community Declaration and (b) voting privileges of an Owner, for default in the payment of any charges or penalties levied by the Neighborhood Association pursuant to the Neighborhood Restrictions, or for violating any provision of the

Neighborhood Restrictions, 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 Neighborhood 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.

(ix) To impose reasonable monetary charges and penalties provided for in the Neighborhood Restrictions or these Bylaws, upon an Owner for any breach of any of (a) the limitations, restrictions, conditions or covenants set forth in the Neighborhood Restrictions or (b) the provisions of 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 Neighborhood 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 directors so exercising or voting for such exercise shall act in good faith, in a manner such director believes to be in the best interests of the Neighborhood 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. So long as it acts within the scope of its 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.

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

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

(iii) Pay any compensation to any director or officer of the Neighborhood Association for services performed in the conduct of the Neighborhood Association's business; however, the Board of Directors may reimburse any such director or officer for expenses incurred by it in carrying on the business of the Neighborhood 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 has a term greater than three years.

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 Neighborhood Association.

6.3 Number.

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

6.4 Election and Tenure of Office.

6.4.1 The Board of 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 and have qualified 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 its 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 its successor is elected at an annual, regular or special meeting of Members or until its 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 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 its 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 its 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 its 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 Meetings.

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 Project 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 Neighborhood 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 a regular meeting shall be given to each of the members 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 Neighborhood 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 Project 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 Neighborhood 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 members 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 Neighborhood 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 signed a waiver of notice or a written consent to holding of the meeting, whether before or after the meeting, or who attend the meeting without protesting prior thereto or at its commencement, the lack of notice to such director. All such waivers, consents or approvals shall be filed with the Neighborhood 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 Project 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 Neighborhood 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 Project within three days after all of the written consents of the directors have been received by the Secretary of the Neighborhood Association.

ARTICLE 7 - OFFICERS

7.1 Officers.

7.1.1 The officers of the Neighborhood Association shall be a president, vice president, secretary and chief financial officer. The Neighborhood 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 chief 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 Each officer of the Neighborhood 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 shall hold office until a successor shall be appointed or until the earlier resignation, removal or disqualification of such officer.

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 Neighborhood 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 Neighborhood 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 the chairman 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 the chief executive officer of the Neighborhood Association and, subject to the control of the Board of Directors, shall have the general power to supervise, direct and control the business and officers of the Neighborhood Association. The president 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. The president 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 represent the Neighborhood Association at meetings of the Community Association. In those instances in which specific provision is made for the matter regarding which the president shall cast a vote(s) at meetings of the Community Association by either the Community Declaration, the Neighborhood Restrictions or these Bylaws, the president shall cast such vote(s) as so provided.

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 Neighborhood 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 Neighborhood 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 (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 Neighborhood 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.

7.9.4 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 the inability or refusal of the secretary 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 Neighborhood 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 deposit all moneys and other valuables in the name and to the credit of the Neighborhood Association with such depositories as may be designated by the Board of Directors. The chief financial officer shall disburse the funds of the Neighborhood 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 transactions by the chief financial officer and of the financial condition of the Neighborhood 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 Neighborhood Association a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for (i) the faithful performance of the duties of the chief financial officer's office and (ii) the restoration to the Neighborhood Association of all books, papers, vouchers, money and other property, of whatever kind belonging to the Neighborhood Association and in the possession or under control of the chief financial officer upon the death, resignation or removal from office of the chief financial officer.

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 chief 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 the inability or refusal of the chief financial officer 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 Neighborhood Architectural Control Committee.

8.1.1 There shall be a Neighborhood Architectural Control Committee for the purposes of performing such duties as may have been delegated to it pursuant to the Neighborhood Restrictions and such other responsibilities as may be delegated to it, from time to time, by the Board of Directors.

8.1.2 The Neighborhood Architectural Control Committee shall, at all times, consist of three individuals. Prior to the first conveyance of a Lot, Declarant shall appoint three individuals who shall constitute the first Neighborhood Architectural Control Committee and shall serve for one year from the date of their original appointment and until their successors are appointed or until their earlier resignation or removal. Declarant has, pursuant to the Article of the Neighborhood Restrictions entitled "Neighborhood Architectural Control," reserved the power to appoint a majority of the members of the Neighborhood Architectural Control Committee (who need not be Members or directors) until all of the Lots have been sold by Declarant. All members of the Neighborhood Architectural Control Committee who are appointed by Declarant shall serve at the pleasure of Declarant.

8.1.3 Commencing one year from the date of the original appointment of persons to serve as the original Neighborhood Architectural Control Committee, and so continuing each year

thereafter until all of the Lots have been sold by Declarant, the Board of Directors shall appoint one of the members of the Board of Directors to serve on the Neighborhood Architectural Control Committee for a term of one year and until such director's successor is appointed or until such director's earlier resignation or removal. All members of the Neighborhood Architectural Control Committee appointed by the Board of Directors shall serve at the pleasure of the Board of Directors.

8.1.4 Any vacancy on the Neighborhood Architectural Control Committee by reason of death, resignation or removal by the Board of Directors of any of its appointees shall be promptly filled by the Board of Directors with a member of the Board of Directors within 30 days after such vacancy first occurs. Notwithstanding anything contained in this Article to the contrary, any vacancy on the Neighborhood Architectural Control Committee by reason of death, resignation or removal by Declarant of any of Declarant's appointees shall be promptly filled by Declarant with a person (who need not be a Member or a director) within 30 days after such vacancy first occurs.

8.1.5 At the end of the term of the last member of the Neighborhood Architectural Control Committee appointed by Declarant pursuant to this Article, the Neighborhood Architectural Control Committee shall be and become a committee of the Board of Directors and the members of the Neighborhood Architectural Control Committee shall at all times thereafter be (i) appointed by the Board of Directors and (ii) members of the Board of Directors.

8.1.6 Meetings of the Neighborhood Architectural Control Committee shall be held, from time to time, at such times as deemed necessary by any two of the three members of the Neighborhood Architectural Control Committee in order for the Neighborhood Architectural Control Committee to properly perform its duties. All meetings of the Neighborhood Architectural Control Committee shall be held within the Project. Notice of all meetings of the Neighborhood Architectural Control Committee shall be given and posted in the same manner as required by these Bylaws for regular meetings of the Board of Directors. Additionally, the provisions of these Bylaws pertaining to waivers of notice, written consents, quorum requirements, required vote, open meetings, executive sessions and unanimous written consents as related to Board of Directors' meetings shall also pertain to meetings of the Neighborhood Architectural Control Committee. The Neighborhood Architectural Control Committee shall keep and maintain a record of all actions taken by it at such meetings or otherwise.

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 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 - NEIGHBORHOOD ASSOCIATION RECORDS AND REPORTS; INSPECTION

9.1 Records.

9.1.1 The Neighborhood Association shall maintain adequate and correct accounts, books and records of its business and properties. All such books, records and accounts shall be kept at its principal place of business in the State of California or at such other place as may be designated by the Board of Directors from time to time.

9.2 Inspection of Books and Records.

9.2.1 The Member register, the books of account, minutes of proceedings of the Neighborhood Association, of the Board of Directors, of the Executive Committee and of other committees of the Neighborhood Association shall (upon the written demand of any Member) be open to inspection and copying by such Member or its duly appointed representative at any reasonable time, for a purpose reasonably related to such Member's interests as a Member, at the office of the Neighborhood Association or at such other place within the Project as the Board of Directors shall prescribe. All of the foregoing documents, books and records shall be exhibited at any time when required by the demand at any Members' meeting of at least 10 percent of the Members represented at such meeting.

9.2.2 Every director of the Neighborhood Association and every director of The Community Association shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Neighborhood Association. The right of inspection by each such director shall include the right at his expense to make extracts and copies of documents.

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 Neighborhood 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 and (ii) payment of the cost of reproducing copies of such documents, books and records requested by a Member or director.

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 at the Neighborhood Association's principal office at all reasonable times during office hours.

9.4 Checks, Drafts, Etc.

9.4.1 All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Neighborhood Association, shall be signed or endorsed by such person or persons and in such manner as shall be determined from time to time by resolution of the Board of Directors.

9.5 Contracts, Etc.; How Executed.

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

9.6 Annual Budget.

9.6.1 The Board of Directors shall cause to be prepared a pro forma operating statement (budget) for each fiscal year which shall include a statement of (i) all contemplated expenses and costs for such fiscal year and (ii) all contemplated receipts from assessments and income for such fiscal year. The pro forma operating statement shall be distributed to each Member not less than 60 days prior to the beginning of such fiscal year.

9.7 Initial Financial Report.

9.7.1 The Board of Directors shall cause to be prepared an initial financial report, which report shall include (i) a balance sheet as of an accounting date (the "Accounting Date") which

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is the last day of the month closest in time to six months from the date of closing of the first sale of a Lot in the Project and (ii) an operating statement for the period from the date of the first closing to the Accounting Date, which operating statement shall include a schedule of assessments received and receivable itemized by the Lot number and by the name of the Member so assessed. The initial financial report shall be distributed to each Member within 60 days from the Accounting Date.

9.8 Annual Report.

9.8.1 The Board of Directors shall cause to be prepared, within 120 days after the close of the Neighborhood Association's fiscal year, an annual report, which annual report shall include (i) a balance sheet as of the end of the fiscal year, (ii) an operating (income) statement for the fiscal year, (iii) a statement of changes in financial position for the fiscal year, (iv) a statement of the place where the names and addresses of the current Members are located and (v) any information required to be reported under Section 8322 of the California Corporations Code. If the annual report is not prepared by an independent accountant, it shall be accompanied by a certificate of an authorized officer of the Neighborhood Association stating that the statements were prepared without audit from the books and records of the Neighborhood Association. The financial statements prepared in connection with the annual report shall be prepared in conformity with generally accepted accounting principles or some other basis of accounting which reasonably sets forth the assets and liabilities and the income and expenses of the Neighborhood Association and discloses the accounting basis used in their preparation. Upon written request of a Member, the Board of Directors shall promptly cause the most recent annual report to be sent to the requesting Member.

ARTICLE 10 - AMENDMENTS TO BYLAWS

10.1 By Members.

10.1.1 New bylaws may be adopted or these Bylaws may be repealed or amended (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 Neighborhood 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. Notwithstanding the foregoing, these Bylaws shall not be amended, modified or rescinded at any time prior to September 30, 1990 without the prior written consent of Genstar Development, Inc., a New York corporation (Penasquitos Properties Division), nor at any time without the

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prior written consent of the Board of Directors of the Community Association; no such amendment, modification or rescission shall be effective without the filing of said written consent or consents, as appropriate, with the secretary of the Community Association.

10.2 No Amendment by Board of Directors.

10.2.1 Anything contained herein to the contrary notwithstanding, the Board of Directors shall not have any right or power to adopt, amend or repeal any of these Bylaws.

10.3 Record of Amendments.

10.3.1 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 Neighborhood Association shall be stated in said book.

ARTICLE 11 - SUPREMACY OF NEIGHBORHOOD RESTRICTIONS

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

THE UNDERSIGNED, being the sole Member of the Neighborhood Association, as of the date hereinbelow set forth, hereby assents to the foregoing Bylaws and adopts the same as these Bylaws of the Neighborhood Association.

IN WITNESS WHEREOF, the undersigned has hereunto subscribed its name this 23 day of August, 1983.

W. WOLF PROPERTIES, INC.,
a California corporation

By: Walter E. Wolf x

President

By: Elaine M. Huston x

Secretary

VISTA DE BERNARDO
OWNERS' ASSOCIATION

Certification

The undersigned, being the secretary of Vista de Bernardo Owners' Association, an unincorporated association (the "Association"), does hereby certify that:

1. W. Wolf Properties, Inc., a California corporation, is the sole Member, as of the date hereinbelow set forth, of the Association; and

2. The foregoing Bylaws, comprising 27 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 23 day of August, 1982

Elaine M. Huston
Secretary of Vista de Bernardo
Owners' Association

VISTA DE BERNARDO
OWNERS' ASSOCIATION

Written Ballot of Sole Member

The undersigned, being the only person or entity who or which would be entitled to vote at a meeting of the Members of VISTA DE BERNARDO OWNERS' ASSOCIATION, an unincorporated association, (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 , 1983, in order to be counted.

IN WITNESS WHEREOF, the undersigned has executed this Written Ballot of Sole Member this 23 day of Aug, 1983.

W. WOLF PROPERTIES, INC.,
a California corporation

By: Walter Wolf x

President

By: Elaine M. Huston x

Secretary

Bylaws

**Vista de Bernardo
Owners Association**

BYLAWS OF
VISTA DE BERNARDO
OWNERS' ASSOCIATION

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BYLAWS

OF

VISTA DE BERNARDO
OWNERS' ASSOCIATION

ARTICLE 1 - DEFINITIONS

1.1 Board of Directors.

1.1.1 "Board of Directors" shall mean the Board of Directors of the Neighborhood Association.

1.2 Bylaws.

1.2.1 "Bylaws" shall mean this instrument as the same may from time to time be amended.

1.3 Community Association.

1.3.1 "Community Association" shall mean The Community Association of Bernardo Heights, a California nonprofit mutual benefit corporation, or any successor entity charged with the duties, obligations and powers of said Community Association.

1.4 Community Declaration.

1.4.1 "Community Declaration" shall mean that certain Declaration of Covenants, Conditions and Restrictions for the Community of Bernardo Heights, dated September 29, 1980, and recorded in the Office of the County Recorder of San Diego County, California on September 30, 1980, as File/Page No. 80-319018, as amended by that certain First Amendment to Declaration of Covenants, Conditions and Restrictions, dated June 16, 1981, and recorded in the Office of the County Recorder of San Diego County, California on July 31, 1981, as File/Page No. 81-243645 and as said Declaration of Covenants, Conditions and Restrictions for the Community of Bernardo Heights may hereafter from time to time be further amended.

1.5 Declarant.

1.5.1 "Declarant" shall mean (i) W. Wolf Properties, Inc., a California corporation, which constitutes the Declarant under the Neighborhood Restrictions (defined below) and (ii) any successor in interest of said W. Wolf Properties, Inc., to whom all or any of the rights of Declarant under the Neighborhood Restriction

tions and these Bylaws have been transferred and who is (a) a grantee under a deed, executed and delivered prior to the conveyance of the first Lot (defined below), which conveys the entire Project (defined below) or (b) a grantee under a deed conveying two or more Lots. Notwithstanding the provisions of the Article hereof entitled "Amendments to Bylaws" to the contrary, this Paragraph may not be amended without the approval of Declarant.

1.6 Lots; Lot.

1.6.1 "Lots" shall mean all of Lots 1 through 81, inclusive, as more particularly described in the Neighborhood Restrictions; "Lot" shall mean any one of the Lots.

1.7 Member.

1.7.1 "Member" shall mean an Owner, as defined hereinbelow, entitled to membership in the Neighborhood Association. Membership shall be appurtenant to and may not be separated from ownership of a Lot.

1.8 Neighborhood Association.

1.8.1 "Neighborhood Association" shall mean the Vista De Bernardo Owners' Association, an unincorporated association, composed of the Owners as defined hereinbelow.

1.9 Neighborhood Restrictions.

1.9.1 "Neighborhood Restrictions" shall mean that certain Declaration of Neighborhood Restrictions recorded _____, 19__, File/Page No. _____, Official Records of San Diego County, California, as such Declaration of Neighborhood Restrictions may from time to time be amended.

1.10 Owner.

1.10.1 "Owner" shall mean Declarant prior to the first conveyance of a Lot and thereafter, shall mean the person(s) who hold(s) record title to any Lot, including Declarant for as long as Declarant holds title to a Lot.

1.11 Project.

1.11.1 "Project" shall mean the Vista de Bernardo Planned Development, encompassing the Lots.

ARTICLE 2 - FUNCTIONS OF THE NEIGHBORHOOD ASSOCIATION

2.1 Purpose.

2.1.1 The Neighborhood Association shall act as a "management body" for the management, preservation, maintenance, archi-

tectural control and improvement of the Project and shall provide for the representation of the Owners at meetings of the Community Association as permitted by the Community Declaration. The Neighborhood Association is subject to the limitations, covenants, conditions, restrictions, terms and provisions of the Neighborhood Restrictions.

2.2 Assessments.

2.2.1 Pursuant to the Article of the Neighborhood Restrictions entitled "The Neighborhood Association," it shall be the duty of the Board of Directors to fix, alter, collect and enforce charges and penalties upon Owners. Each Owner shall be liable to pay to the Neighborhood Association each charge or penalty levied upon such Owner's Lot(s) under the provisions of the Neighborhood Restrictions.

ARTICLE 3 - MEMBERSHIP

3.1 Members.

3.1.1 The Neighborhood 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 hereof. No Owner shall hold more than one membership in the Neighborhood Association. No certificate of membership, identity card or other document evidencing membership in the Neighborhood 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 of the Neighborhood Association contemporaneously with its acquisition of a Lot (whether such acquisition occurs by (i) conveyance of a Lot by Declarant, (ii) voluntary transfer, assignment or conveyance of a Lot, (iii) involuntary transfer of a Lot, 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 Lot), without necessity of documentation or other action, of any kind, by any person. The Neighborhood Association may require that any person acquiring a Lot shall notify the Neighborhood 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 Lot, they shall constitute a single Member. Prior to the conveyance of a Lot by Declarant, Declarant shall be a Member as to such Lot. Transfer of membership in the Neighborhood Association shall be only by the above-specified means.

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 to 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 a majority of the Lots in the Project. 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 and in such place as may be designated by the Board of Directors. If the date of the annual meeting as so determined is a legal holiday, then the meeting shall be held on the next-succeeding regular 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 Neighborhood 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, shall 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 Neighborhood Association.

4.3.2 Until such time as 75 percent of the Lots have been sold to Owners other than Declarant, a special meeting of Members shall be called by the Board of Directors for any issue which requires the approval of a specified percentage of the "Community Voting Rights" as contemplated by Paragraph 3.4 of the Community Declaration. Anything in these Bylaws to the contrary notwithstanding, the notice of such special meeting of Members shall inform the Members of the issue which is the subject of the special voting procedures as contemplated by said Paragraph 3.4 of the Community Declaration.

4.3.3 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 Neighborhood Association, upon request in writing signed by Members entitled to call a meeting of Members and delivered by first class, registered or certified mail to the Board of Directors at the principal office of the Neighborhood 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. 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 15 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 Neighborhood Association or to the address supplied by it to the Neighborhood 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 Neighborhood Association, when addressed and mailed or delivered to one of such Members, at the address appearing on the books of the Neighborhood 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 5 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 Neighborhood 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 Neighborhood 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 Neighborhood 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 Neighborhood Association. 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 Neighborhood 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 $33\frac{1}{3}$ percent of the voting power of the Neighborhood 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.

ARTICLE 5 - VOTING RIGHTS

5.1 Members' Right to Vote.

5.1.1 Only persons who are Members of the Neighborhood 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 Lot owned. The lone Class B Member shall be Declarant, who shall be entitled to three votes for each Lot owned. Declarant's Class B voting status shall cease and convert to Class A voting status when the total votes outstanding in Class A equal the total votes outstanding in Class B. If record title to a Lot 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 attributable 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 Neighborhood 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 each director to be elected, a Member shall have the number of votes as set forth above for each Lot 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 Neighborhood Association present at such meeting shall be required for Members to transact any business thereat, except (i) where the vote is with regard to an issue subject to the special voting procedures contemplated by Subparagraph 4.3.2 of these Bylaws, or (ii) as may be otherwise provided in these Bylaws or the Neighborhood Restrictions.

5.3.3 When a quorum is present at any special meeting of Members called for a vote with regard to an issue which is subject to the special voting procedures contemplated by Subparagraph 4.3.2 of these Bylaws, the vote of the Owners (other than

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Declarant) shall be determined and recorded so as to reflect the number of votes cast by the Owners in favor and the number of votes cast against such issue. The proportion of Owners in favor of and against such issue shall be conclusively determined by such vote and the President, or the Vice President, as the case may be, shall cast the vote of the Neighborhood Association in favor of or against such issue (or in favor of or against each alternative for any such issue presenting multiple alternatives) in the same proportion as that of the vote so cast by the Owners in favor of or against such issue (or in favor of or against each alternative for any such multiple alternatives), at a meeting of the Community Association called to determine the vote on such issue.

5.3.4 Every Member entitled to vote at any election of directors of the Neighborhood Association may cumulate its 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 it is entitled, or distribute its votes on the same principle among as many candidates as it 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 of the Member's intention to cumulate votes. If any one Member has given such notice, all Members may cumulate their votes for candidates in nomination. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected directors of the Neighborhood Association.

5.3.5 For as long as (i) a majority of the voting power of the Neighborhood 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.

5.3.6 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 Neighborhood Association is given written notice to the contrary and is furnished with a copy of the instrument or order appointing

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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 Neighborhood 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 Neighborhood 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 the 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 these Bylaws (iv) repealing, restricting, creating or expanding proxy rights, (v) the winding up and dissolving of the Neighborhood 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 Neighborhood Association. Except as aforesaid, all proxies shall be revocable and shall automatically terminate upon transfer of title of a Lot by the Owner, or upon the death or incapacity of the Member giving the proxy; provided, however, Declarant may execute proxies which may be irrevocable for the maximum period allowed by law.

ARTICLE 6 - DIRECTORS; MANAGEMENT

6.1 General Powers.

6.1.1 Subject to the limitations of the Neighborhood Restrictions, of these Bylaws and of the laws of the State of Cali-

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for as to action to be authorized or approved by shareholders of a corporation, all Neighborhood Association powers shall be exercised by or under authority of, and the business and affairs of the Neighborhood Association shall be controlled by, the Board of Directors. The Board of Directors may delegate the management of the activities of the Neighborhood Association to any person or persons, management company or committee however composed, provided that the activities and affairs of the Neighborhood Association shall be managed and all Neighborhood 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 Neighborhood Restrictions and these Bylaws.

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

(iii) To levy charges or penalties and otherwise act as set forth in, and subject to the provisions of, the Neighborhood Restrictions and these Bylaws.

(iv) To enforce the provisions of the Neighborhood Restrictions, 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 Neighborhood Restrictions by any Owner.

(v) To contract, provide and pay for (a) maintenance, gardening and other services and (b) legal and accounting services.

(vi) To contract for and purchase tools, equipment, materials, supplies and other personal property and services for maintenance and gardening.

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

(viii) To suspend temporarily the (a) right of an Owner to use any recreational facilities within the community contemplated by the Community Declaration and (b) voting privileges of an Owner, for default in the payment of any charges or penalties levied by the Neighborhood Association pursuant to the Neighborhood Restrictions, or for violating any provision of the

Neighborhood Restrictions, 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 Neighborhood 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.

(ix) To impose reasonable monetary charges and penalties provided for in the Neighborhood Restrictions or these Bylaws, upon an Owner for any breach of any of (a) the limitations, restrictions, conditions or covenants set forth in the Neighborhood Restrictions or (b) the provisions of 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 Neighborhood 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 directors so exercising or voting for such exercise shall act in good faith, in a manner such director believes to be in the best interests of the Neighborhood 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. So long as it acts within the scope of its 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.

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

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

(iii) Pay any compensation to any director or officer of the Neighborhood Association for services performed in the conduct of the Neighborhood Association's business; however, the Board of Directors may reimburse any such director or officer for expenses incurred by it in carrying on the business of the Neighborhood 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 has a term greater than three years.

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 Neighborhood Association.

6.3 Number.

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

6.4 Election and Tenure of Office.

6.4.1 The Board of 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 and have qualified 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 its 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 its successor is elected at an annual, regular or special meeting of Members or until its 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 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 its 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 its 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 its 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 Meetings.

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

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meeting shall be posted at a prominent place (or places) within the Project 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 Neighborhood 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 a regular meeting shall be given to each of the members of the Board of Directors at least four days before such meeting by (i) tele-~~phone, (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 Neighborhood 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 Project 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 Neighborhood 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 members of the Board of Directors by (i) telephone, (ii) telegraph, (iii) written notice

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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 Neighborhood 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 signed a waiver of notice or a written consent to holding of the meeting, whether before or after the meeting, or who attend the meeting without protesting prior thereto or at its commencement, the lack of notice to such director. All such waivers, consents or approvals shall be filed with the Neighborhood 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 Project 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 Neighborhood 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 Project within three days after all of the written consents of the directors have been received by the Secretary of the Neighborhood Association.

ARTICLE 7 - OFFICERS

7.1 Officers.

7.1.1 The officers of the Neighborhood Association shall be a president, vice president, secretary and chief financial officer. The Neighborhood 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 chief 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 Each officer of the Neighborhood 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 shall hold office until a successor shall be appointed or until the earlier resignation, removal or disqualification of such officer.

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 Neighborhood 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 Neighborhood 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 the chairman 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 the chief executive officer of the Neighborhood Association and, subject to the control of the Board of Directors, shall have the general power to supervise, direct and control the business and officers of the Neighborhood Association. The president 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. The president 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 represent the Neighborhood Association at meetings of the Community Association. In those instances in which specific provision is made for the matter regarding which the president shall cast a vote(s) at meetings of the Community Association by either the Community Declaration, the Neighborhood Restrictions or these Bylaws, the president shall cast such vote(s) as so provided.

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 Neighborhood 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 Neighborhood 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 (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 Neighborhood 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.

7.9.4 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 the inability or refusal of the secretary 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 Neighborhood 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 deposit all moneys and other valuables in the name and to the credit of the Neighborhood Association with such depositories as may be designated by the Board of Directors. The chief financial officer shall disburse the funds of the Neighborhood 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 transactions by the chief financial officer and of the financial condition of the Neighborhood 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 Neighborhood Association a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for (i) the faithful performance of the duties of the chief financial officer's office and (ii) the restoration to the Neighborhood Association of all books, papers, vouchers, money and other property, of whatever kind belonging to the Neighborhood Association and in the possession or under control of the chief financial officer upon the death, resignation or removal from office of the chief financial officer.

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 chief 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 the inability or refusal of the chief financial officer 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 Neighborhood Architectural Control Committee.

8.1.1 There shall be a Neighborhood Architectural Control Committee for the purposes of performing such duties as may have been delegated to it pursuant to the Neighborhood Restrictions and such other responsibilities as may be delegated to it, from time to time, by the Board of Directors.

8.1.2 The Neighborhood Architectural Control Committee shall, at all times, consist of three individuals. Prior to the first conveyance of a Lot, Declarant shall appoint three individuals who shall constitute the first Neighborhood Architectural Control Committee and shall serve for one year from the date of their original appointment and until their successors are appointed or until their earlier resignation or removal. Declarant has, pursuant to the Article of the Neighborhood Restrictions entitled "Neighborhood Architectural Control," reserved the power to appoint a majority of the members of the Neighborhood Architectural Control Committee (who need not be Members or directors) until all of the Lots have been sold by Declarant. All members of the Neighborhood Architectural Control Committee who are appointed by Declarant shall serve at the pleasure of Declarant.

8.1.3 Commencing one year from the date of the original appointment of persons to serve as the original Neighborhood Architectural Control Committee, and so continuing each year

thereafter until all of the Lots have been sold by Declarant, the Board of Directors shall appoint one of the members of the Board of Directors to serve on the Neighborhood Architectural Control Committee for a term of one year and until such director's successor is appointed or until such director's earlier resignation or removal. All members of the Neighborhood Architectural Control Committee appointed by the Board of Directors shall serve at the pleasure of the Board of Directors.

8.1.4 Any vacancy on the Neighborhood Architectural Control Committee by reason of death, resignation or removal by the Board of Directors of any of its appointees shall be promptly filled by the Board of Directors with a member of the Board of Directors within 30 days after such vacancy first occurs. Notwithstanding anything contained in this Article to the contrary, any vacancy on the Neighborhood Architectural Control Committee by reason of death, resignation or removal by Declarant of any of Declarant's appointees shall be promptly filled by Declarant with a person (who need not be a Member or a director) within 30 days after such vacancy first occurs.

8.1.5 At the end of the term of the last member of the Neighborhood Architectural Control Committee appointed by Declarant pursuant to this Article, the Neighborhood Architectural Control Committee shall be and become a committee of the Board of Directors and the members of the Neighborhood Architectural Control Committee shall at all times thereafter be (i) appointed by the Board of Directors and (ii) members of the Board of Directors.

8.1.6 Meetings of the Neighborhood Architectural Control Committee shall be held, from time to time, at such times as deemed necessary by any two of the three members of the Neighborhood Architectural Control Committee in order for the Neighborhood Architectural Control Committee to properly perform its duties. All meetings of the Neighborhood Architectural Control Committee shall be held within the Project. Notice of all meetings of the Neighborhood Architectural Control Committee shall be given and posted in the same manner as required by these Bylaws for regular meetings of the Board of Directors. Additionally, the provisions of these Bylaws pertaining to waivers of notice, written consents, quorum requirements, required vote, open meetings, executive sessions and unanimous written consents as related to Board of Directors' meetings shall also pertain to meetings of the Neighborhood Architectural Control Committee. The Neighborhood Architectural Control Committee shall keep and maintain a record of all actions taken by it at such meetings or otherwise.

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 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 - NEIGHBORHOOD ASSOCIATION RECORDS AND REPORTS; INSPECTION

9.1 Records.

9.1.1 The Neighborhood Association shall maintain adequate and correct accounts, books and records of its business and properties. All such books, records and accounts shall be kept at its principal place of business in the State of California or at such other place as may be designated by the Board of Directors from time to time.

9.2 Inspection of Books and Records.

9.2.1 The Member register, the books of account, minutes of proceedings of the Neighborhood Association, of the Board of Directors, of the Executive Committee and of other committees of the Neighborhood Association shall (upon the written demand of any Member) be open to inspection and copying by such Member or its duly appointed representative at any reasonable time, for a purpose reasonably related to such Member's interests as a Member, at the office of the Neighborhood Association or at such other place within the Project as the Board of Directors shall prescribe. All of the foregoing documents, books and records shall be exhibited at any time when required by the demand at any Members' meeting of at least 10 percent of the Members represented at such meeting.

9.2.2 Every director of the Neighborhood Association and every director of The Community Association shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Neighborhood Association. The right of inspection by each such director shall include the right at his expense to make extracts and copies of documents.

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 Neighborhood 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 and (ii) payment of the cost of reproducing copies of such documents, books and records requested by a Member or director.

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 at the Neighborhood Association's principal office at all reasonable times during office hours.

9.4 Checks, Drafts, Etc.

9.4.1 All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Neighborhood Association, shall be signed or endorsed by such person or persons and in such manner as shall be determined from time to time by resolution of the Board of Directors.

9.5 Contracts, Etc.; How Executed.

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

9.6 Annual Budget.

9.6.1 The Board of Directors shall cause to be prepared a pro forma operating statement (budget) for each fiscal year which shall include a statement of (i) all contemplated expenses and costs for such fiscal year and (ii) all contemplated receipts from assessments and income for such fiscal year. The pro forma operating statement shall be distributed to each Member not less than 60 days prior to the beginning of such fiscal year.

9.7 Initial Financial Report.

9.7.1 The Board of Directors shall cause to be prepared an initial financial report, which report shall include (i) a balance sheet as of an accounting date (the "Accounting Date") which

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is the last day of the month closest in time to six months from the date of closing of the first sale of a Lot in the Project and (ii) an operating statement for the period from the date of the first closing to the Accounting Date, which operating statement shall include a schedule of assessments received and receivable itemized by the Lot number and by the name of the Member so assessed. The initial financial report shall be distributed to each Member within 60 days from the Accounting Date.

9.8 Annual Report.

9.8.1 The Board of Directors shall cause to be prepared, within 120 days after the close of the Neighborhood Association's fiscal year, an annual report, which annual report shall include (i) a balance sheet as of the end of the fiscal year, (ii) an operating (income) statement for the fiscal year, (iii) a statement of changes in financial position for the fiscal year, (iv) a statement of the place where the names and addresses of the current Members are located and (v) any information required to be reported under Section 8322 of the California Corporations Code. If the annual report is not prepared by an independent accountant, it shall be accompanied by a certificate of an authorized officer of the Neighborhood Association stating that the statements were prepared without audit from the books and records of the Neighborhood Association. The financial statements prepared in connection with the annual report shall be prepared in conformity with generally accepted accounting principles or some other basis of accounting which reasonably sets forth the assets and liabilities and the income and expenses of the Neighborhood Association and discloses the accounting basis used in their preparation. Upon written request of a Member, the Board of Directors shall promptly cause the most recent annual report to be sent to the requesting Member.

ARTICLE 10 - AMENDMENTS TO BYLAWS

10.1 By Members.

10.1.1 New bylaws may be adopted or these Bylaws may be repealed or amended (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 Neighborhood 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. Notwithstanding the foregoing, these Bylaws shall not be amended, modified or rescinded at any time prior to September 30, 1990 without the prior written consent of Genstar Development, Inc., a New York corporation (Penasquitos Properties Division), nor at any time without the

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prior written consent of the Board of Directors of the Community Association; no such amendment, modification or rescission shall be effective without the filing of said written consent or consents, as appropriate, with the secretary of the Community Association.

10.2 No Amendment by Board of Directors.

10.2.1 Anything contained herein to the contrary notwithstanding, the Board of Directors shall not have any right or power to adopt, amend or repeal any of these Bylaws.

10.3 Record of Amendments.

10.3.1 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 Neighborhood Association shall be stated in said book.

ARTICLE 11 - SUPREMACY OF NEIGHBORHOOD RESTRICTIONS

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

THE UNDERSIGNED, being the sole Member of the Neighborhood Association, as of the date hereinbelow set forth, hereby assents to the foregoing Bylaws and adopts the same as these Bylaws of the Neighborhood Association.

IN WITNESS WHEREOF, the undersigned has hereunto subscribed its name this 23 day of August, 1983.

W. WOLF PROPERTIES, INC.,
a California corporation

By: Walter E. Wolf x

President

By: Elaine M. Huston x

Secretary

VISTA DE BERNARDO
OWNERS' ASSOCIATION

Certification

The undersigned, being the secretary of Vista de Bernardo Owners' Association, an unincorporated association (the "Association"), does hereby certify that:

1. W. Wolf Properties, Inc., a California corporation, is the sole Member, as of the date hereinbelow set forth, of the Association; and

2. The foregoing Bylaws, comprising 27 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 23 day of August, 1982

Elaine M. Huston
Secretary of Vista de Bernardo
Owners' Association

VISTA DE BERNARDO
OWNERS' ASSOCIATION

Written Ballot of Sole Member

The undersigned, being the only person or entity who or which would be entitled to vote at a meeting of the Members of VISTA DE BERNARDO OWNERS' ASSOCIATION, an unincorporated association, (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 23 day of Aug, 1983.

W. WOLF PROPERTIES, INC.,
a California corporation

By: Walter A. Wolf x
____ President

By: Elaine M. Huston x
____ Secretary

DEPARTMENT OF REAL ESTATE
OF THE
STATE OF CALIFORNIA
(213) 620-2700

PLANNED DEVELOPMENT
FINAL SUBDIVISION
PUBLIC REPORT

In the matter of the application of

W. WOLF PROPERTIES,
A California Corporation

for a Final Subdivision Public Report on

MAP NO. 10672 BERNARDO HEIGHTS
UNIT NO. 16
"VISTA DE BERNARDO"
SAN DIEGO COUNTY, CALIFORNIA

FILE NO.: 054468LA-F00

ISSUED: SEPTEMBER 16, 1983

EXPIRES: SEPTEMBER 15, 1988

THIS REPORT IS NOT A RECOMMENDATION OR ENDORSEMENT OF THE
SUBDIVISION BUT IS INFORMATIVE ONLY.

BUYER OR LESSEE MUST SIGN THAT HE HAS RECEIVED AND READ THIS REPORT

N A copy of this subdivision public report along with a statement
O advising that a copy of the public report may be obtained from the
I owner, subdivider, or agent at any time, upon oral or written
E request, must be posted in a conspicuous place at any office where
sales or leases or offers to sell or lease lots within the
subdivision are regularly made.
[Reference B&P Code Section 11018.1(b)]

This Report Expires on Date Shown Above. If There Has Been a Material
Change in the Offering, an Amended Public Report Must be Obtained and
Used in Lieu of This Report.

Section 35700 of the California Health and Safety Code provides that
the practice of discrimination because of race, color, religion, sex,
marital status, national origin or ancestry in housing accommodations
is against public policy.

Under Section 125.6 of the California Business and Professions Code,
California real estate licensees are subject to disciplinary action by
the Real Estate Commissioner if they make any discrimination,
distinction or restriction in negotiating sale or lease of real
property because of the race, color, sex, religion, ancestry or
national origin of the prospective buyer. If any prospective buyer or
lessee believes that a licensee is guilty of such conduct, he or she
should contact the Department of Real Estate.

Read the entire report on the following pages before contracting to
purchase a lot in this subdivision.

COMMON INTEREST SUBDIVISION GENERAL INFORMATION

The project described in the attached Subdivision Public Report is known as a common-interest subdivision. **Read the Public Report carefully** for more information about the type of subdivision. The subdivision includes common areas and facilities which will be owned and/or operated by an owners' association. **Purchase of a lot or unit automatically entitles and obligates you as a member of the association and, in most cases, includes a beneficial interest in the areas and facilities.** Since membership in the association is mandatory, you should be aware of the following information before you purchase:

Your ownership in this development and your rights and remedies as a member of its association will be controlled by governing instruments which generally include a Declaration of Restrictions (also known as CC&R's), Articles of Incorporation (or association) and Bylaws. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law. Study these documents carefully before entering into a contract to purchase a subdivision interest.

In order to provide funds for operation and maintenance of the common facilities, the association will levy assessments against your lot/unit. If you are delinquent in the payment of assessments, the association may enforce payment through court proceedings or your lot/unit may be liened and sold through the exercise of a power of sale. The anticipated income and expenses of the association, including the amount that you may expect to pay through assessments, are outlined in the proposed budget. Ask to see a copy of the budget if the subdivider has not already made it available for your examination.

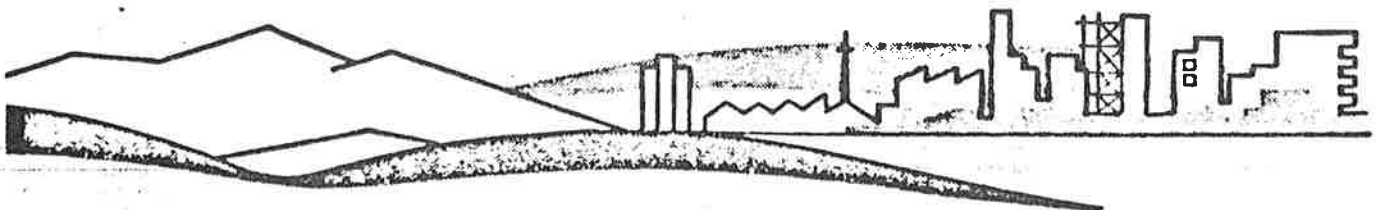
A homeowner association provides a vehicle for the ownership and use of recreational and other common facilities which were designed to attract you to buy in this subdivision. The association also provides a means to accomplish architectural control and to provide a base for homeowner interaction on a variety of issues. The purchaser of an interest in a common-interest subdivision should contemplate active participation in the affairs of the association. He or she should be willing to serve on the board of directors or on committees created by the

board. In short, "they" in a common-interest subdivision is "you". Unless you serve as a member of the governing board or on a committee appointed by the board, your control of the operation of the common areas and facilities is limited to your vote as a member of the association. There are actions that can be taken by the governing body without a vote of the members of the association which can have a significant impact upon the quality of life for association members.

Until there is a sufficient number of purchasers of lots or units in a common-interest subdivision to elect a majority of the governing body, it is likely that the subdivider will effectively control the affairs of the association. It is frequently necessary and equitable that the subdivider do so during the early stages of development. It is vitally important to the owners of individual subdivision interests that the transition from subdivider to resident-owner control be accomplished in an orderly manner and in a spirit of cooperation.

When contemplating the purchase of a dwelling in a common-interest subdivision, you should consider factors beyond the attractiveness of the dwelling units themselves. Study the governing instruments and give careful thought to whether you will be able to exist happily in an atmosphere of cooperative living where the interests of the group must be taken into account as well as the interests of the individual. Remember that managing a common-interest subdivision is very much like governing a small community . . . the management can serve you well, but you will have to work for its success.

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SPECIAL NOTES

1. GEOLOGIC CONDITIONS: THE UNIFORM BUILDING CODE, CHAPTER 70, PROVIDES FOR LOCAL BUILDING OFFICIALS TO EXERCISE PREVENTIVE MEASURES DURING GRADING TO ELIMINATE OR MINIMIZE DAMAGE FROM GEOLOGIC HAZARDS SUCH AS LANDSLIDES, FAULT MOVEMENTS, EARTHQUAKE SHAKING, RAPID EROSION OR SUBSIDENCE. THIS SUBDIVISION IS LOCATED IN AN AREA WHERE SOME OF THESE HAZARDS MAY EXIST. SOME CALIFORNIA COUNTIES AND CITIES HAVE ADOPTED ORDINANCES THAT MAY OR MAY NOT BE AS EFFECTIVE IN THE CONTROL OF GRADING AND SITE PREPARATION.

PURCHASERS MAY DISCUSS WITH THE DEVELOPER, THE DEVELOPER'S ENGINEER, THE ENGINEERING GEOLOGIST AND THE LOCAL BUILDING OFFICIALS TO DETERMINE IF THE ABOVE-MENTIONED HAZARDS HAVE BEEN CONSIDERED AND IF THERE HAS BEEN ADEQUATE COMPLIANCE WITH CHAPTER 70 OR AN EQUIVALENT OR MORE STRINGENT GRADING ORDINANCE DURING THE CONSTRUCTION OF THIS SUBDIVISION.

2. THIS PROJECT IS A COMMON-INTEREST SUBDIVISION OF THE TYPE REFERRED TO AS A "PLANNED DEVELOPMENT" WHICH WILL BE MAINTAINED BY AN UNINCORPORATED OWNERS ASSOCIATION.
3. THE ASSOCIATION HAS THE RIGHT TO LEVY ASSESSMENTS AGAINST YOU FOR MAINTENANCE OF THE COMMON AREAS AND OTHER PURPOSES. YOUR CONTROL OF OPERATIONS AND EXPENSES IS LIMITED TO THE RIGHT OF YOUR ELECTED REPRESENTATIVES TO VOTE ON CERTAIN PROVISIONS AT MEETINGS.
4. SINCE THE COMMON PROPERTY AND FACILITIES WILL BE MAINTAINED BY AN ASSOCIATION OF HOMEOWNERS, IT IS ESSENTIAL THAT THIS ASSOCIATION BE FORMED EARLY AND PROPERLY. THE HOMEOWNER ASSOCIATION MUST HOLD THE FIRST ELECTION OF THE ASSOCIATION'S GOVERNING BODY WITHIN 45 DAYS AFTER 51% SELL OUT OF THE INTERESTS AUTHORIZED FOR SALE UNDER THE FIRST PUBLIC REPORT FOR THE SUBDIVISION; OR, IN ANY EVENT, NO LATER THAN SIX MONTHS AFTER CLOSING THE FIRST SALE (REGULATIONS 2792.17 AND 2792.19); AND PREPARE AND DISTRIBUTE TO ALL HOMEOWNERS A BALANCE SHEET AND INCOME STATEMENT (REGULATION 2792.22).
5. SUBDIVIDER ESTIMATES ALL COMMON FACILITIES WILL BE COMPLETED BY APPROXIMATELY JANUARY, 1984.
6. THE SUBDIVIDER ADVISES THAT NO ESCROWS WILL CLOSE UNTIL ALL COMMON FACILITIES, IMPROVEMENTS, AND LANDSCAPING HAVE BEEN COMPLETED; A NOTICE OF COMPLETION HAS BEEN FILED; AND ALL CLAIM OF LIENS HAS EXPIRED, OR A TITLE POLICY ISSUED TO THE ASSOCIATION AND EACH PURCHASER CONTAINING AN ENDORSEMENT AGAINST ALL CLAIM OF LIENS. (SECTION 11018.5 OF THE BUSINESS AND PROFESSIONS CODE.)

SPECIAL NOTES: (Continued)

7. THE SUBDIVIDER MUST PAY ALL THE MONTHLY ASSESSMENTS WHICH HE OWES TO THE HOMEOWNERS ASSOCIATION FOR UNSOLD LOTS -- THE PAYMENTS MUST COMMENCE ON THE FIRST DAY OF THE MONTH AFTER SUBDIVIDER CLOSES FIRST SALE. (REGULATIONS 2792.9 AND 2792.16.)
8. THE SUBDIVIDER HAS STATED THAT HE WILL PROVIDE YOU WITH A COPY OF THE RESTRICTIONS AND BYLAWS, BY POSTING THEM IN A PROMINENT LOCATION IN THE SALES OFFICE AND FURNISHING YOU COPIES PRIOR TO CLOSE OF ESCROW. THESE DOCUMENTS CONTAIN NUMEROUS MATERIAL PROVISIONS THAT SUBSTANTIALLY AFFECT AND CONTROL YOUR RIGHTS, PRIVILEGES, USE, OBLIGATIONS, AND COSTS OF MAINTENANCE AND OPERATION. YOU SHOULD READ AND UNDERSTAND THESE DOCUMENTS BEFORE YOU OBLIGATE YOURSELF TO PURCHASE A LOT.
9. THE SUBDIVIDER STATED HE WILL NOT FURNISH THE CURRENT BOARD OF OFFICERS OF THE HOMEOWNERS ASSOCIATION THE BUILDING PLANS OF THE AREAS OF THE ASSOCIATION'S RESPONSIBILITY TO INCLUDE DIAGRAMS OF LOCATION OF MAJOR COMPONENTS, UTILITIES, AND RELATED DATA. THESE ITEMS WILL BE IMPORTANT TO THE BOARD OF OFFICERS OR THOSE WHO WILL MANAGE OR REPAIR COMMON FACILITIES IN THIS SUBDIVISION.
10. SINCE THE SUBDIVIDER STATES HE WILL NOT FURNISH THE SAID PLANS AND DIAGRAMS, THE BOARD OF OFFICERS OF THE HOMEOWNERS ASSOCIATION SHOULD TRY TO OBTAIN THEM FROM THE CONTRACTORS WHO WORKED ON THE PROJECT OR FROM THE COUNTY BUILDING DEPARTMENT.
11. THE SUBDIVIDER OF THIS PROJECT HAS INDICATED THAT HE INTENDS TO SELL ALL OF THE UNITS IN THIS PROJECT; HOWEVER, ANY OWNER, INCLUDING THE SUBDIVIDER, HAS A LEGAL RIGHT TO LEASE THE UNITS. PROSPECTIVE PURCHASERS SHOULD CONSIDER POSSIBLE EFFECTS ON THE DEVELOPMENT IF A SUBSTANTIAL PORTION OF THE UNITS BECOME RENTAL PROPERTIES.
12. IF YOU PURCHASE FIVE OR MORE SUBDIVISION INTERESTS (LOTS/UNITS, OR MEMBERSHIPS) FROM THE SUBDIVIDER, HE/SHE IS REQUIRED TO NOTIFY THE REAL ESTATE COMMISSIONER OF THE SALE. IF YOU INTEND TO SELL YOUR INTERESTS OR LEASE THEM FOR MORE THAN ONE YEAR, YOU ARE REQUIRED TO OBTAIN AN AMENDED SUBDIVISION PUBLIC REPORT BEFORE YOU CAN OFFER THEM FOR SALE OR LEASE.
13. WARNING: WHEN YOU SELL YOUR LOT TO SOMEONE ELSE, YOU MUST GIVE THAT PERSON A COPY OF THE DECLARATION OF RESTRICTIONS, THE BYLAWS AND A TRUE STATEMENT CONCERNING ANY DELINQUENT ASSESSMENTS, PENALTIES, ATTORNEYS' FEES, OR OTHER CHARGES PROVIDED BY THE CC&R'S, OR OTHER MANAGEMENT DOCUMENTS ON THE LOT OR UNIT AS OF THE DATE THE STATEMENT WAS ISSUED.

NOTE: IF YOU FORGET TO DO THIS, IT MAY COST YOU A PENALTY OF \$500.00 -- PLUS ATTORNEY'S FEES AND DAMAGES (SEE CIVIL CODE SECTION 1360).

SPECIAL NOTES: (Continued)

THIS CIVIL CODE SECTION 1360 ALSO PROVIDES THAT SUBDIVIDERS MUST FURNISH A TRUE STATEMENT CONCERNING ANY DELINQUENT ASSESSMENT PENALTIES, ATTORNEYS' FEES, OR OTHER CHARGES PROVIDED BY THE CC&R'S, OR OTHER MANAGEMENT DOCUMENTS ON THE LOT OR UNIT AS OF THE DATE THE STATEMENT WAS ISSUED.

INTERESTS TO BE CONVEYED: You will receive fee title to a specified lot, together with a membership in the "Vista De Bernardo Owners Association" and rights to use the common area.

LOCATION AND SIZE: This subdivision is located at Bernardo Heights Parkway within the city limits of San Diego. Prospective purchasers should acquaint themselves with the kinds of city services available.

This is a single project which consists of approximately 21.274 acres divided into 81 lots.

MANAGEMENT AND OPERATION: The Vista De Bernardo Owners Association, which you must join, manages and operates the common areas in accordance with the Restrictions and the Bylaws.

✓ MAINTENANCE AND OPERATIONAL EXPENSES: The community association of Bernardo Heights of which Vista De Bernardo is a part has submitted a budget for the maintenance and operation of the common areas and for long-term reserves. This budget was reviewed by the Department of Real Estate in September, 1983. You should obtain a copy of this budget from the subdivider. Under this budget, the monthly assessment against each subdivision unit is \$57.91.

IF THE BUDGET FURNISHED TO YOU BY THE DEVELOPER SHOWS A MONTHLY ASSESSMENT FIGURE WHICH IS AT LEAST 20% MORE OR AT LEAST 10% LESS THAN THE ASSESSMENT AMOUNT SHOWN IN THIS PUBLIC REPORT, YOU SHOULD CONTACT THE DEPARTMENT OF REAL ESTATE BEFORE ENTERING INTO AN AGREEMENT TO PURCHASE.

The association may increase or decrease assessments at any time in accordance with the procedure prescribed in the CC&R's or Bylaws. In considering the advisability of a decrease (or a smaller increase) in assessments, care should be taken not to eliminate amounts attributable to reserves for replacement or major maintenance.

THE BUDGET INFORMATION INCLUDED IN THIS PUBLIC REPORT IS APPLICABLE AS OF THE DATE OF BUDGET REVIEW AS SHOWN ABOVE. EXPENSES OF OPERATION ARE DIFFICULT TO PREDICT ACCURATELY AND EVEN IF ACCURATELY ESTIMATED INITIALLY, MOST EXPENSES INCREASE WITH THE AGE OF FACILITIES AND WITH INCREASES IN THE COST OF LIVING.

MAINTENANCE AND OPERATIONAL EXPENSES: (Continued)

Monthly assessments will commence on all lots on the first day of the month following the closing of the first sale of a lot.

The remedies available to the association against owners who are delinquent in the payment of assessments are set forth in the CC&R's. These remedies are available against the subdivider as well as against other owners.

The subdivider has posted a bond as partial security for his obligation to pay these assessments. The governing body of the association should assure itself that the subdivider has satisfied his obligations to the association with respect to the payment of assessments before agreeing to a release or exoneration of the security.

EASEMENTS: Easements for utilities and other purposes are shown on the Title Report and Subdivision Map recorded in the Office of the San Diego County Recorder, Map 10672, filed on June 30, 1983.

RESTRICTIONS: This subdivision is subject to Restrictions recorded in the Office of the San Diego County Recorder on September 6, 1983, as File Number 83-316567.

FOR INFORMATION AS TO YOUR OBLIGATIONS AND RIGHTS,
YOU SHOULD READ THE RESTRICTIONS. THE SUBDIVIDER
SHOULD MAKE THEM AVAILABLE TO YOU.

TAXES: The maximum amount of any tax on real property that can be collected annually by counties is 1% of the full cash value of the property. With the addition of interest and redemption charges on any indebtedness, approved by voters prior to July 1, 1978, the total property tax rate in most counties is approximately 1.25% of the full cash value. In some counties the total tax rate could be well above 1.25% of the full cash value. For example, an issue of general obligation bonds previously approved by the voters and sold by a county water district, a sanitation district or other such district could increase the total tax.

For the purchaser of a lot or unit in this subdivision, the "full cash value" of the lot or unit will be the valuation, as reflected on the tax roll, determined by the county assessor as of the date of purchase of the lot or unit or as of the date of completion of an improvement on the lot if that occurs after the date of purchase.

CONDITIONS OF SALE: Pursuant to Civil Code Sections 2956 through 2967, inclusive, subdivider and purchasers must make certain written disclosures regarding financing terms and related information. The subdivider will advise purchasers of disclosures he needs from them, if any.

If your purchase involves financing, a form of Deed of Trust and Note will be used. The provisions of these documents may vary depending upon the lender selected. These documents may contain the following provisions:

CONDITIONS OF SALE: (Continued)

Acceleration Clause. This is a clause in a mortgage or deed of trust which provides that if the borrower (trustor) defaults in repaying the loan or sells the property, the lender may declare the unpaid balance of the loan immediately due and payable. An acceleration clause that is triggered by a sale of the property is commonly referred to as a due-on-sale clause.

On October 15, 1982, a federal law (Garn-St. Germain Depository Institutions Act of 1982) was enacted which declares that the enforceability of due-on-sale clauses in loan contracts entered into after October 15, 1982, is to be governed exclusively by the terms of the loan contract itself. This is the controlling law for a mortgage loan made by any institutional or private mortgage lender.

If the loan instrument for financing your purchase of an interest in this subdivision includes a due-on-sale clause, the clause will be automatically enforceable by the lender in the event of a sale of the property by you. This means that the loan will not be assumable by a purchaser of the property without the approval of the lender. If the lender does not declare the loan to be all due and payable on transfer of the property by you, the lender is nevertheless likely to insist upon modification of the terms of the instrument as a condition to permitting assumption by the buyer. The lender will almost certainly insist upon an increase in the interest rate if the prevailing interest rate at the time of the proposed sale of the property is higher than the interest rate of the promissory note by which you are financing the purchase of the property.

Because of the confusion that still surrounds the subject of due-on-sale clause enforceability, you should consider obtaining the advice of an attorney concerning the enforceability of a due-on-sale clause before making this purchase.

A "Balloon Payment". This means that your monthly payments are not large enough to pay off the loan with interest during the period for which the loan is written and that at the end of this period, you must pay the entire remaining balance in one payment. If you are unable to pay the balance and the remaining balance is a sizeable one, you should be concerned with the possible difficulty in refinancing the balance. If you cannot refinance or sell your property, or pay off the balloon payment, you will lose your property.

A Prepayment Penalty. This means that if you wish to pay off your loan in whole or in part before it is due, you must, in addition pay a penalty.

A Late Charge. This means that if you fail to make your installment payment on or before the due date, you, in addition, must pay a penalty.

BEFORE SIGNING, YOU SHOULD READ AND THOROUGHLY
UNDERSTAND ALL LOAN DOCUMENTS.

PURCHASE MONEY HANDLING: The subdivider must impound all funds received from you in an escrow depository until legal title is delivered to you. [Refer to Sections 11013 and 11013.2(a) of the Business and Professions Code.]

If the escrow has not closed on your lot within one (1) year of the date of escrow opening, you may request return of your deposit.

NOTE: Section 2995 of the Civil Code provides that: "No real estate developer shall require as a condition precedent to the transfer of real property containing a single family residential dwelling that escrow services effectuating such transfer shall be provided by an escrow entity in which the developer . . . (owns or controls) 5% or more of the escrow entity."

The subdivider has no such interest in the escrow company which is to be used in connection with the sale or lease of lots in this subdivision.

SOILS CONDITIONS: A Soils Report is available at City Administration Building, Office of City Engineer, 1222 First Avenue, San Diego, California.

For further information in regard to this subdivision, you may call (213) 620-2700 or examine the documents at the Department of Real Estate, 107 South Broadway, Suite 7001, Los Angeles, CA 90012.

Vista de Bernardo Regulations

Revision Date: 8 Mar 2005

Vista de Bernardo Regulations

CURRENT REGULATIONS

Revision Date: 8 Mar 05

Regulation Number	Subject	Pages	Approval Date
	Clean Slate Resolution #2	1	27 Sep 01
R-1	Residential Purposes, Application of Section 2.1 of CC&Rs	1	27 Sep 01
R-3	Vista de Bernardo Architectural Committee and CABH Architectural and Landscape Guidelines	2	27 Sep 01
R-4	Enforcement Policy and Fine Procedure for Violations – 26 Jul 2001	4	27 Sep 01
R-5	Authority granted to Architectural Committee to initiate the fine system – 25 May 01	2	27 Sep 01
R-6	Governing Documents, Escrow, and Copying Fees	1	27 Sep 01
R-7	Disaster Communication Plan	1	27 Sep 01
R-9	Commercial Trade or Business Application of Section 2.13 of CC&Rs.	1	01 Aug 02
R-10	Sport Apparatus Statndards Application of Section 2.18 of CC&Rs.	1	01 Aug 02
R-11	Assessment Fees and Fines Policy – Update 15 Nov 2002	3	15 Nov 02
R-14	Removal of the Monthly Due Exemption Regulation to association member assigned to perform the bookkeeping and mail retrieval services of the association.	3	08 Jan 04
R-15	Communications from the Board.	1	08 Jan 04
R-16	Change to board member attendance policy.	1	08 Jan 04
R-17	Identification and Status Tables of Regulations and Standards.	3	08 Mar 05

This page is provided as a courtesy for those who wish to only know the current regulations in force as of March 8, 2005. It does not supersede the REGULATION IDENTIFICATION AND STATUS TABLE established by R-17 to provide both a history and status of all Vista de Bernardo regulations.

Vista de Bernardo Regulations

REGULATION IDENTIFICATION AND STATUS TABLE

Revision Date: 8 Mar 05

Regulation Number	Subject	Approval Date	Status
	Clean Slate Resolution #2	27 Sep 01	Current.
R-1	Residential Purposes, Application of Section 2.1 of CC&Rs	27 Sep 01	Current. (See S-1).
R-2	Assessment Fees and Fines Policy – Update 1 Aug 2001	27 Sep 01	Obsolete. Replaced by Regulation R-11.
R-3	Vista de Bernardo Architectural Committee and CABH Architectural and Landscape Guidelines	27 Sep 01	Current. (See S-2).
R-4	Enforcement Policy and Fine Procedure for Violations – 26 Jul 2001	27 Sep 01	Current.
R-5	Authority granted to Architectural Committee to initiate the fine system – 25 May 01	27 Sep 01	Current.
R-6	Governing Documents, Escrow, and Copying Fees	27 Sep 01	Current.
R-7	Disaster Communication Plan	27 Sep 01	Current.
R-8	Monthly Dues Exemption to association members assigned to perform the bookkeeping and mail retrieval services of the association.	07 Feb 02	Obsolete 08 Jan 04 by R-14.
R-9	Commercial Trade or Business Application of Section 2.13 of CC&Rs.	01 Aug 02	Current.
R-10	Sport Apparatus Standards Application of Section 2.18 of CC&Rs.	01 Aug 02	Current.
R-11	Assessment Fees and Fines Policy – Update 15 Nov 2002	15 Nov 02	Current.
R-12	Written Communication from Vista de Bernardo Board of Directors to Association Members.	11 Jun 03	Obsolete. Expired 4 Dec 03.
R-13	Reassignment of board titles for fiscal year 2004	08 Jan 04	Obsolete. Expired 25 Oct 04.
R-14	Removal of the Monthly Due Exemption Regulation to association member assigned to perform the bookkeeping and mail retrieval services of the association.	08 Jan 04	Current.
R-15	Communications from the Board.	08 Jan 04	Current.
R-16	Change to board member attendance policy.	08 Jan 04	Current.
R-17	Identification and Status Tables of Regulations and Standards.	08 Mar 05	Current.

Vista de Bernardo Owners Association
P.O. BOX 27865
San Diego California 92198-1865

27 Sep 01

BACKGROUND

Over the years, the board of directors of the Vista de Bernardo Home Owners' Association have adopted various regulations for the neighborhood (see Bylaws 6.2.1.i). These regulations together with the Declaration of Neighborhood Restrictions (commonly called CC&Rs) and the Bylaws have constituted the rules for the neighborhood. Unfortunately, the full set of regulations created from time to time are found scattered throughout the meeting minutes from the past. The board finds it difficult to compile and communicate some of these old rules.

CLEAN SLATE RESOLUTION #2

The board of directors of Vista de Bernardo hereby creates a new book to compile regulations established and powers delegated from time to time by the board of directors. The book will be called ***Vista de Bernardo Regulations***. The regulations contained therein, together with the Vista de Bernardo CC&Rs, By-Laws, and Architectural and Landscape Standards, constitute the rules for the neighborhood.


The regulations contained in the book, ***Vista de Bernardo Regulations***, supercede all previous rules and regulations. However, each previously established regulation can be review again by the board and added by amendment to the ***Vista de Bernardo Regulations*** book. Amendments to this book are considered an ordinary corporate act taken by the board of directors.


All decisions under previous regulations remain in force. Nevertheless, such decisions can be revisited again under the requirements of the Vista de Bernardo governing documents.

The ***Vista de Bernardo Regulations*** book and the ***Vista de Bernardo Architectural and Landscape Standards*** book have separate and distinct purposes. The ***Vista de Bernardo Regulations*** book contains the broad set of rules established and powers delegated by the board of directors. The ***Vista de Bernardo Architectural and Landscape Standards*** book is focused in scope. It provides criteria for the Architectural and Landscape Committee in approving or disapproving applications for architectural and landscape improvements and provides the standards for measuring compliance and non-compliance of architecture and landscaping within the lots.

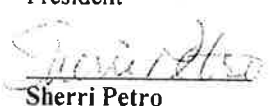
No rules are recognized as valid except those contained in the governing documents: 1) ***Vista de Bernardo Planned Development Declaration of Neighborhood Restrictions*** (commonly called CC&Rs); 2) ***Bylaws of Vista de Bernardo Owners' Association***; 3) the ***Vista de Bernardo Regulations***; and 4) the ***Vista de Bernardo Architectural and Landscape Standards***.

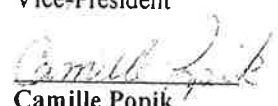
As appropriate, the regulations contained within the ***Vista de Bernardo Regulations*** book will be communicated to the membership. The book contains the current regulations and may have been updated since the initial release.

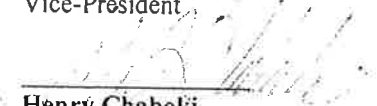

Dustin Dunn
President


Dennis Bammann
Vice-President


Reva Gabriel
Vice-President


Sherri Petro
Secretary


Camille Popik
Treasurer


Henry Chaboki
Member at Large

Vista de Bernardo Regulation R-1

Subject: Residential Purposes, Application of Section 2.1 of CC&Rs

Board Approval Date: 27 Sep 01

Intent:

To avoid any potential bias towards any homeowners, the Vista de Bernardo Home Owners' Association will use the modified language found in the regulation set forth below in place of the language regarding restriction on use of lots as found in Section 2.1 of the *Vista de Bernardo Planned Development Declaration of Neighborhood Restrictions* dated 9-6-83, commonly referred to as the CC&Rs.

This regulation was originally adopted on 21 Sep 2000 as a standard and at that time included in the *Vista de Bernardo Architectural and Landscape Standards*.

Regulation:

"2.1 None of the Lots shall be used for other than residential purposes. No buildings or structures shall be erected, altered, placed or permitted to remain on any of the Lots other than one dwelling, a private garage and other customary appurtenances incidental to the residential use of a Lot."

Vista de Bernardo Regulation R-3

Subject: Vista de Bernardo Architectural Committee and CABH Architectural and Landscape Guidelines

Board Approval Date: 27 Sep 01

Intent:

The regulation set forth below is established to clarify the authority of the Vista de Bernardo Architectural Committee with regard to the Architectural and Landscape Guidelines established by the Community Association of Bernardo Heights (CABH). Another intent of the regulation is to also establish for Vista de Bernardo the same form used and accepted by CABH for architectural and landscape approvals.

This regulation was originally adopted on 21 Sep 2000 as a standard and at that time included in the *Vista de Bernardo Architectural and Landscape Standards*.

Regulation:

The Vista de Bernardo Architectural Committee should specialize in understanding and applying the eighteen land use restrictions in the CC&Rs and the other standards established in the book, *Vista de Bernardo Architectural and Landscape Standards*.

CABH has standards for architectural and landscape improvements. The Vista de Bernardo Architectural Committee has been given no authority nor training to interpret or otherwise pass judgement on the CABH Architectural and Landscape Guidelines. Nevertheless, the Vista de Bernardo Architectural Committee should have some knowledge of these guidelines to help homeowners with their applications. In the event, that a proposed improvement is allowed by Vista de Bernardo standards but may not be allowed by CABH, the architectural committee should do the following. Approve, stamp, and sign the application because it meets the Vista de Bernardo standards. Submit the application to CABH with a note drawing attention to the area that may not meet CABH standards.

CABH has a standard application form for architectural and landscape improvements. Vista de Bernardo will use the same Application for Improvements form provided by CABH. CABH requests that neighbor notification of proposed improvements be made only for specific improvements specified on their form. Vista de Bernardo requests notification of adjacent neighbors for all plans. This notification request is made for neighborhood security reasons so neighbors will be aware that work is planned. This request should not be construed as giving a neighbor authority to approve or disapprove improvement plans. If notification is not obtained a Vista de Bernardo Architectural Committee member will notify adjacent neighbors, which may delay submittal to CABH and consequent final approval.

THE COMMUNITY ASSOCIATION OF BERNARDO HEIGHTS

All requests must be submitted with this form

******* Application for Improvements *******

Homeowner's Name: _____ Date: _____
Address: _____ Phone: _____
Name of Neighborhood Association: _____ Lot #: _____

DESCRIPTION OF PROPOSED IMPROVEMENTS: (Attach 3 copies of plans or sketch including an elevation drawing, showing type of construction, measurements, and location.) _____

NOTICE TO OWNERS: Your improvements may require a permit from the City/County Building Department. No work shall be done which may change the existing drainage patterns. For addition of exterior walkway, security lighting, and structural improvements such as patio covers, gazebos, fencing, walls etc., we request notification of your contiguous neighbors prior to submittal to your Neighborhood Association Architectural Committee.

Homeowner Signature _____

NEIGHBOR'S NOTIFICATION OF PROPOSED IMPROVEMENTS:

Last Name (Please Print)	Address	Signature	Comments
1. _____	_____	_____	_____
2. _____	_____	_____	_____
3. _____	_____	_____	_____

Neighborhood Stamp

CABH Stamp

Please submit this form with three (3) copies of your plans or sketch
as outlined in your Neighborhood Architectural Guidelines.

Vista de Bernardo Regulation R-4

Subject: Enforcement Policy and Fine Procedure for Violations – 26 Jul 2001

Board Approval Date: 27 Sep 01

Intent:

This regulation was originally adopted on 26 Jul 2001. For the most part, the procedure documented has been followed for years in addressing non-compliance issues. The regulation outlines the procedure to address violations of the governing documents of the association, principally: 1) *Vista de Bernardo Planned Development Declaration of Neighborhood Restrictions* (commonly called CC&Rs); 2) *Bylaws of Vista de Bernardo Owners' Association*; 3) the *Vista de Bernardo Regulations*; and 4) the *Vista de Bernardo Architectural and Landscape Standards*.

Regulation:

See attached document, ENFORCEMENT POLICY AND FINE SCHEDULE FOR VIOLATIONS OF THE ASSOCIATION'S GOVERNING DOCUMENTS OF THE VISTA DE BERNARDO OWNERS' ASSOCIATION July 26, 2001.

ENFORCEMENT POLICY AND FINE SCHEDULE
FOR VIOLATIONS OF THE ASSOCIATION'S GOVERNING DOCUMENTS
OF THE VISTA DE BERNARDO OWNERS' ASSOCIATION

July 26, 2001

1. Applicable Documents. The policies stated below apply to violations of any of the Governing Documents of the Vista de Bernardo Owners' Association ("Association"), including the Articles of Incorporation; Bylaws; Covenants, Conditions, and Restrictions ("CC&Rs"); or Rules and Regulations ("Rules").
2. Actions Prior to Initiation of Formal Disciplinary Process. The Board of Directors ("the Board"), and Owner of a separate interest ("Member"), or any resident of the Association has the authority to request in any reasonable manner that a Member, resident, tenant, or invitee thereof cease or correct any act or omission which appears to be in violation of the Governing Documents of the Association. Complainants are encouraged to attempt such informal resolution before the formal process is initiated. However, if a Member or resident cannot or will not initiate informal resolution, or if the informal resolution is not successful, the following procedure will apply.
3. Written Complaint. Disciplinary proceedings will be initiated upon the receipt of a written complaint ("Complaint") from any Member or resident to the Board or its designated agent by letter, setting forth, in ordinary and concise language, the acts or omissions with which the alleged offender ("Respondent") is charged. Complaints may also be initiated directly by any member of the Board of Directors or by the management agent. The Complaint should include the specific provisions of the CC&Rs or Rules which the Respondent is alleged to have violated, and should consist of more than charges phrased in the general language of such provisions. The Complaint should contain as many specific and supporting facts as are available, such as time, date location, person(s) involved, and other relevant details so that the Complaint may be evaluated and investigated by the Board. Complaints initiated by a member of the Board of Directors or management agent may be in any form which provides a record of the Complaint. A copy of the Complaint will not be provided to the Respondent except as required by law.
4. First Notice. Upon filing of the Complaint, to the extent the Board deems appropriate, the Board shall reasonably investigate the Complaint to verify that, if true, the allegations constitute violations(s) of the Governing Documents. If so (and if the Board, in its sole discretion, determines that enforcement is appropriate in the case in question), the Board shall send a written First Notice (warning letter) to the Respondent, summarizing the Complaint and requesting compliance with the Governing Documents. Such First Notice shall be served by first class mail and certified mail, return receipt requested to the owner of record and, if appropriate, to the resident tenant. No penalty shall be assessed to the owner in this First Notice. If compliance occurs as a result of sending the First Notice, the Board need take no further action on the Complaint.
5. Second Notice. If the violation described in the First Notice is not corrected within a reasonable time (30 calendar days), or if the violation is repeated, a second notification letter will be sent to the offender ("Second Notice"). The Second Notice will advise the offender that a hearing before the Board of Directors will be held. The Second Notice

will provide a general summary of the allegations in the Complaint; the date, time, and location of the hearing; a statement that the Respondent may attend the hearing and address the Board; and may also contain the penalties that may be assessed at the hearing. The Board shall fix a hearing date and mail the Second Notice on the Owner of the separate interest at least fifteen (15) days, but no more than forty-five (45) days, prior to the date of the hearing. The Second Notice shall be served by first class mail and certified mail, return receipt requested.

The Respondent shall have the right to attend the hearing with any material witnesses, and may offer evidence and/or make representations to the Board subject to the provisions of Section 6 below. If the Respondent wishes to attend the hearing but cannot conveniently attend on the date scheduled or wishes a postponement for any other cause, the Respondent may request a continuance of the hearing. Any such request must include the reasons therefore. The decision of whether to grant the continuance shall be made by the Board, and its decision shall be final. If a continuance is granted, the Respondent will be given notice of the new hearing date. If a continuance is not granted, the hearing shall proceed in accordance with Section 6 below.

Whether or not the Respondent wishes to attend the hearing, he or she may deliver to the Board a written statement, setting forth the Respondent's answer to the allegations in the Complaint. If the Respondent submits a written response, it must be delivered to the Board of Directors, or the Board's authorized representative, at least seventy-two (72) hours prior to the hearing. This will ensure that the Board has the opportunity to consider the response prior to any decision on the Complaint being made.

6. Hearing.

(a) Neither the Complainant nor the Respondent is obligated to be in attendance at the hearing, although such attendance is encouraged. All hearings will be held in open session except that, at the request of the Respondent, the hearing will be conducted in executive session. The executive session may, at the discretion of the Board, be held on the same day as the original hearing was scheduled, or may be postpone to such date and time as the Board shall determine. Any request for the hearing to be held in executive session must be received by the Board in writing at least seven (7) days in advance of the hearing to allow the executive session to be properly noticed and scheduled. If the notice required by the paragraph is not given, the hearing will be held in open session.

(b) At the beginning of the hearing, or at any appropriate time during the hearing, the Board will explain the rules and procedures by which the hearing is to be conducted. The Board is entitled to exercise its discretion as to the specific manner in which the hearing will be conducted. Technical and specific rules of evidence or procedure will not generally be applicable to the hearing except that the Board shall have full discretion to impose specific rules where it considers such rules to be appropriate and to refuse to admit evidence not reasonably relevant to the issues. Formal questioning of witnesses by the Respondent will generally not be permitted.

(c) The Board will consider any written and oral statements of the parties and witnesses together with such other information and/or evidence then before it which the Board reasonably determines to be material and relevant.

(d) Should the Respondent and/or Owner of the separate interest fail to appear at the hearing and fail to submit a written statement in defense of the allegations, the Board may consider such failures to be an admission to the allegations.

7. Decision. After all evidence and/or representations have been presented to the Board, the Board shall vote upon the matter. Disciplinary action, if any is imposed, and unless otherwise ordered by the Board shall become effective no fewer than five (5) days after the Board's decision is mailed to the Respondent. All decisions of the Board shall be final unless the Board, in its sole discretion, agrees to rehear the matter due to the availability of new evidence or information of an overriding nature. All request for rehearing must be made by the Respondent and received by the Board within thirty (30) days of the date of the notice of the Board's decision, and must include a summary of the new evidence to be presented or the reasons why the Board's previous decision should be overturned.

8. Fine Schedule. The following fine schedule shall apply where the Board finds a violation has occurred and, in its sole discretion, determines to assess a fine.

1 st Assessment	\$100.00 maximum fine
2 nd Assessment	\$200.00 maximum fine
3 rd and Subsequent Assessment	\$100.00 times the number of Assessments

The time between Assessments will be no less than thirty (30) days.

The fines listed above are maximum amounts per violation, and are in addition to any actual costs, damages, or expenses, including attorney fees, incurred by the Association in obtaining compliance with the Governing Documents. If circumstances warrant, the Board may impose lesser amounts, and may suspend imposition of all or any portion of a fine for up to one year from the date of the hearing. Offenses for separate rules will each start at the first assessment stage and process to higher levels as appropriate.

In addition to assessment of a fine, the Board may suspend the Respondent's voting rights and Association privileges as outlined in the CC&Rs, Bylaws, and Rules for up to thirty (30) days per violation.

The maximum time and amount allowed before initiating legal collection processes will be at the board's discretion.

9. Rules Committee. Any of the rights, duties, and actions outline in this policy permitted or required to be performed by the Board may, at the discretion of the Board, be delegated to a Rules Committee, the management agent, or other authorized agent.

Vista de Bernardo Regulation R-5

Subject: Authority granted to Architectural Committee to initiate the fine system – 25 May 01

Board Approval Date: 27 Sep 01

Intent:

Give the Architectural Committee power to initiate the fine system. The board reserves the powers to make final judgments and assess fines.

Regulation:

See attached letter.

Vista de Bernardo Owners' Association
P.O. BOX 27865
San Diego California 92198-1865

25 May 2001

Dear Vista de Bernardo Architectural Committee:

To support the new architectural compliance procedure and fine system, the board grants the Architectural Committee authority to initiate the fine process. Consequently, you may notify homeowners with non-compliant property of the association's "intent to fine". The board reserves the power itself to fine non-compliance.

Specifically, in your letters of intent to fine you should:

1. Be clear on the non-compliance and what must be done to correct it.
2. Indicate the intended fine amount.
3. Explain that the non-compliant homeowner has the allotted time (according to California law) to respond to the intention to fine before the next scheduled regular or special board meeting.
4. Explain that this homeowner's response can be made either in writing or in person at the next scheduled regular or special neighborhood board meeting.
5. Give the date of the next scheduled regular or special neighborhood board meeting.

We understand that under California law the homeowner has 15 days to respond to an intent to fine prior to the fine being finalized. Consequently, the case may arise when the next scheduled board meeting is within this 15-day window. In this case, refer to the follow-on board meeting which gives the homeowner more than the allotted time to respond.


Respectfully Yours,



Dustin Dunn
President



Dennis Bammann
Vice-President



Reya Gabriel
Vice-President



Sherri Petro
Secretary



Camille Popik
Treasurer



Henry Chaboki
Member at Large

Vista de Bernardo Regulation R-6

Subject: Governing Documents, Escrow, and Copying Fees

Board Approval Date: 27 Sep 01

Intent:

Specify governing documents that homeowners should obtain. Specify homeowner's responsibilities regarding governing documents. Document the long standing policy that copies of the governing documents should be provided to new homeowners at specified costs during the escrow process. Specify costs for miscellaneous copy requests.

Regulation:

The governing documents of the Vista de Bernardo Owners' Association are:

- 1) *Vista de Bernardo Planned Development Declaration of Neighborhood Restrictions;*
- 2) *Bylaws of Vista de Bernardo Owners' Association;*
- 3) *Vista de Bernardo Regulations;* and
- 4) *Vista de Bernardo Architectural and Landscape Standards.*

Important governing documents from the Community Association of Bernardo Heights are:

- 1) *Declaration of Covenants, Conditions, and Restrictions for the Community Association of Bernardo Heights;*
- 2) *First Amendment to Declaration of Covenants, Conditions, and Restrictions;*
- 3) *Second Amendment to Declaration of Covenants, Conditions, and Restrictions;*
- 4) *Bylaws of the Community Association of Bernardo Heights;* and
- 5) *Architectural Rules and Guidelines of the Community Association of Bernardo Heights*

Homeowners are obligated to obtain and understand these governing documents.

The board of directors will make these documents available for cost.

The complete set of governing documents listed above and most recent annual meeting minutes of Vista de Bernardo Owners' Association will be provided to homeowners and other interested parties at a cost of \$40.00.

From time to time, requests for copies are made for selected parts of these documents, board meeting minutes, letters, and other documents of the association. The charge for these copies will be \$0.10 per page. Applications for Improvement will be provided at no charge. The Architectural Committee may also provide at no charge a copy of a standard relating to a planned application for improvement.

Vista de Bernardo Regulation R-7

Subject: Disaster Communication Plan

Board Approval Date: 27 Sep 01

Intent:

A disaster communication plan has been developed and documented in a document called the *Disaster Communication Plan of the Vista de Bernardo Owners' Association*. The objectives of this plan are to:

- 1) establish a Neighborhood Emergency Director in the event of a large-scale emergency;
- 2) survey the condition and needs of Vista de Bernardo residents and their residences; and
- 3) report to the Bernardo Heights Disaster Preparedness Coordinator in an accurate and timely fashion.

This regulation makes clear the obligation of board members and homeowners in relationship to the disaster communication plan.

Regulation:

The disaster communication plan documents should be passed from the board of directors to the newly elected board of directors. The documents include the description of the plan and assessment forms.

Board members are encouraged to understand the plan and prepare to implement the plan in a large scale emergency if they so choose.

The Disaster Communication Plan is not a regulation and the text of the document will not be included in the Vista de Bernardo Regulations book. Even in an emergency, the Vista de Bernardo Owners' Association has no legal obligation to assess, report, or provide for the needs of residents. The board of directors may attempt to assess and report conditions and needs as outlined in this plan, but are under no legal obligation or liability to the homeowners to do so. Further, providing for the needs of residents is well outside the scope and authority of the association's responsibilities. Nevertheless, available board members may be willing to help coordinate activities to meet the needs of residents.

In short, neighborhood residents cannot rely on the disaster communication plan being carried out. Consequently, neighborhood residents are encouraged to make appropriate preparations for themselves and others in the event of a disaster. Further, residents are encouraged to become available as soon as possible in an emergency. Once they are available, they are encouraged to report to the Neighborhood Emergency Director so that the disaster communication plan has a chance of being carried out.

Vista de Bernardo Regulation R-9

Subject: Commercial Trade or Business Application of Section 2.13 of CC&Rs

Board Approval Date: August 1, 2002

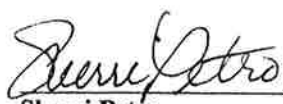
Intent:

Given the proliferation of home-based businesses and to insure the community is in compliance with San Diego code, the Vista de Bernardo Home Owners' Association will use the modified language found in the regulation set forth below in place of the language regarding restriction on use of lots as found in Section 2.1 of the *Vista de Bernardo Planned Development Declaration of Neighborhood Restrictions* dated 9-6-83, commonly referred to as the CC&Rs.

Regulation:

"2.13 No commercial trade or business shall be carried on upon any Lot except those which are in compliance with San Diego Municipal Code Section 141.0308."

As appropriate, the regulations contained within the *Vista de Bernardo Regulations* book will be communicated to the membership. The book contains the current regulations and may have been updated since the initial release.



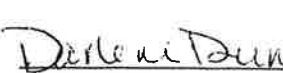
Sherri Petro
President



Dennis Bammann
Vice-President



Reva Gabriel
Vice-President



Darlene Dunn
Secretary/Treasurer



Dave Hartings
Member-at-Large

Vista de Bernardo Regulation R-10

Subject: Sport Apparatus Standards Application of Section 2.18 of CC&Rs

Board Approval Date: August 1, 2002

Intent:

Given the increase in portable sports equipment and the ambiguity in the previous regulation, the Vista de Bernardo Home Owners' Association will use the modified language found in the regulation set forth below in place of the language regarding restriction on use of lots as found in Section 2.1 of the *Vista de Bernardo Planned Development Declaration of Neighborhood Restrictions* dated 9-6-83, commonly referred to as the CC&Rs.

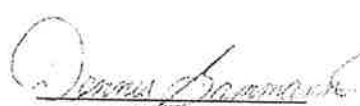
Regulation:

"2.18 No backboard and/or basketball hoop or other fixed sports apparatus shall be permanently attached to a residence or any other existing fixed structure on the property. For transportable/movable sports equipment, between the hours of 9:00 am and sunset transportable equipment is permitted in the front yard of the residence. The equipment must be properly maintained and not be viewed as an eyesore in the neighborhood. In the event of a dispute over visual aesthetics, the Architectural Committee will determine what is and is not in keeping with the intent of this policy and/or any other documented community restrictions that might apply. Between the hours of sunset and 9:00 am the following morning, transportable equipment must be moved to the side yard and placed behind a fence or moved to the backyard area. Concealment of the equipment with a cover or other camouflage material while still in the front yard is not an acceptable alternative in this policy."

As appropriate, the regulations contained within the *Vista de Bernardo Regulations* book will be communicated to the membership. The book contains the current regulations and may have been updated since the initial release.



Sherri Petro
President



Dennis Bammann
Vice-President



Reva Gabriel
Vice-President

Darlene Dunn
Secretary/Treasurer

Dave Hartings
Member-at-Large

Vista de Bernardo Regulation R-11

Subject: Assessment Fees and Fines Policy – Update 15 Nov 2002

Board Approval Date: 15 Nov 2002

Replaces: Assessment Fees and Fines Policy – Update 1 Aug 2001

Effective Date: 01 Jan 2003

Intent:

This regulation covers the homeowner assessment fees and fine policy. This regulation includes both the Vista de Bernardo policy and the Community Association of Bernardo Heights policy. A recent update was approved by the Vista de Bernardo board of directors on 15 Nov 2002 to become effective 01 Jan 2003. The most significant change is an increase of monthly fees to \$45.00. This \$5.00 per month increase is in response to an approximately \$7.00 per lot per month increase levied by CABH. This update also simplifies the Vista de Bernardo Assessment Fees and Fines Policy.

Regulation:

See attached documents: 1) *VISTA DE BERNARDO ASSESSMENT FEES AND FINE POLICY: Update 15 Nov 2002* and 2) *ASSESSMENT COLLECTION POLICY THE COMMUNITY ASSOCIATION OF BERNARDO HEIGHTS*.

Vista De Bernardo Assessment Fees and Fines Policy
Update 15 Nov 2002

Effective January 1, 2003, homeowner assessments will increase in the amount of \$5.00 to \$45.00 per month. Homeowner assessments in the amount of \$45.00 are due the first day of every month. Checks are to be made payable to Vista De Bernardo and mailed to:

Vista de Bernardo Owners' Association
P.O. BOX 27865
San Diego California 92198-1865

The balance of assessments paid by homeowners in advance of future due dates will be distributed at \$45.00 per month beginning January 2003.

Overdue Assessments

Monthly assessments become delinquent if not paid in full or not postmarked on or before the 15th day of the month. To avoid a late fee, care should be taken to mail assessments on time and for the correct amount, particularly when the 15th falls on a holiday or a Sunday. A late fee of \$10.00 per delinquent assessment will be charged to the account if the monthly payment is postmarked after the 15th of the month.

The association will not longer send Courtesy Notices of Past Due Assessments.


The association will send a First Notice of Past Due Assessments anytime after 30 days from the due date.

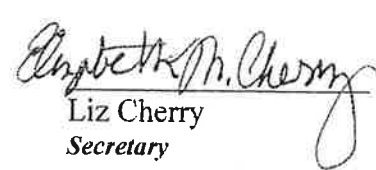
The association will send a Second Notice of Past Due Assessments anytime after 60 days from the due date. In addition, a \$10.00 administrative fee will be added to the delinquent homeowner's account.


Anytime after the Second Notice of Past Due Assessments, but not before 70 days past due, the association may initiate the CABH collection process. Delinquent homeowners can expect more administrative fees, additional interest charges, and potential litigation. See *Assessment Collection Policy of the Community Association of Bernardo Heights*.

Non-Sufficient Funds

The fee for writing checks to Vista De Bernardo from accounts with Non-Sufficient Funds will be \$20.00. After the second Non-Sufficient Funds check received from a homeowner, only Cashier's Checks or Money Orders will be accepted thereafter for monthly assessments and fees.


Dennis Bammann
President


Liz Cherry
Secretary


Darlene Dunn
Treasurer

ASSESSMENT COLLECTION POLICY THE COMMUNITY ASSOCIATION OF BERNARDO HEIGHTS

Assessments are due and payable to the Community Association of Bernardo heights on the first day of each month. Each month preceeding the assessment month, on approximately the 20th, each Neighborhood receives a billing statement for the Community Association Assessments due to the Community Association of Bernardo Heights. This billing is a courtesy provided to the neighborhoods and is not required by the Community Documents. Each neighborhood remits its respective assessment amount and in the event the neighborhood has not collected Community Association Funds from each owner, the neighborhood submits a recap of those individuals who have not paid Community Assessments for that month to both the on-site Association Office and with the billing stub.

Unpaid assessments become delinquent on the 15th day of the month. A late fee of \$10.00 per delinquent assessment will be charged to the account after 30 days. Interest at 12% annual rate will also be applied to all outstanding assessment amounts 30 days or more past due. Interest charges shall continue to accrue each month until the account is brought current. Such charges will be reflected on future assessment billing statements. A First Notice of Past Due Assessments letter will be prepared and mailed to the owner for any account 30 days past due. An administrative charge for processing a First Notice of Past Due Assessments letter may be made against the account at this time.

At 60 days past due, a Second Notice of Past Due Assessments shall be sent to the owner. An administrative charge for processing a Second Notice of Past Due Assessments letter may be charged at this time.

At 70 days past due, a lien package will be prepared and sent to the Community Association's attorney for collection. A warning of lien letter will be prepared by the Association's attorney and sent to the unit owner. This letter allows the owner 10 days to bring the account current. If the account remains delinquent, a lien will be placed upon the property. After the lien is recorded and 30 days expire, the account will be reviewed and a determination made to proceed with a foreclosure. All assessments, late fees, interest, administrative charges attorney's fees, lien filing fees and other related expenses incurred in collecting the delinquency will be charged to the owner's account.

Vista de Bernardo Regulation R-14

Subject: Removal of the Monthly Dues Exemption Regulation to association member assigned to perform the bookkeeping and mail retrieval services of the association.

Approval Date: 08 January 04

Intent: At the annual meeting to kick off fiscal year 2004, it was voted and passed by majority that no one in the association should have to contribute 56¼ cents of their \$45.00 monthly assessment for the performance of bookkeeping and mail retrieval services being performed by one of their neighbors. Therefore the board is directed by majority vote to end the long standing and previously regulated practice of exempting the association monthly dues to the association member assigned to perform bookkeeping and mail retrieval services for the association.

Regulation: Remove the prior regulation allowing a dues exemption for the association member/homeowner performing bookkeeping and mail retrieval services for the association. Revenues collected by the association shall reflect the current rate of assessment multiplied by 81 households.


Additionally, for the fiscal year 2004, it must be noted that there is no accommodation for any kind of remuneration for bookkeeping/mail retrieval services due to the spending cap set forth in the budget that was passed.


This regulation is in force beginning January 1, 2004. There shall be no penalty to or back dues owed from any association member who was performing these services prior to January 1, 2004.

Approval Signatures:


Dennis Bammann
President


Sheryl Mercado
1st Vice President


Michael Maiorano
2nd Vice President


Don Williams
3rd Vice President


Tamera Carey Wicburg
Secretary/Chief Financial Officer

FAX COVER SHEET

Please Deliver As Soon As Possible To:

RECIPIENT: Board of Directors, Vista de Bernardo HOA
c/o Dennis Bammann

FAX NO.: 858-676-3058

FROM: Mary M. Howell

DATE: December 5, 2003

RE: Compensation of Directors

ORIGINAL(S) TO FOLLOW: No

OUR FILE NO.: 2688.01

NO. OF PAGES: 2 (Includes Cover Page)

If you did not receive this entire telefax communication, please call Abby at (858) 527-0111.

NOTICE - THIS TRANSMITTAL IS DIRECTED ONLY TO THE ABOVE-NAMED ADDRESSEE. IT IS NOT TO BE READ BY ANYONE ELSE. ITS CONTENTS MAY BE PROTECTED FROM DISCLOSURE BY LAW AS PRIVILEGED OR CONFIDENTIAL. THE USE OF TELECOPIER TRANSMISSION DOES NOT WAIVE THIS PROTECTION.

Comments: Pursuant to our telephone conversations, this will serve to confirm the advice I have given regarding the inadvisability of compensating directors or officers. As discussed, there are at least three reasons for not compensating directors or officers:

1. The Association's directors and officers liability insurance ("D&O") is not available to compensated directors.
2. The Davis-Stirling Act immunity for volunteer directors (Civ. Code 1365.7) does not cover compensated directors.
3. In the event an agent of the association, such as a director, is sued for actions or (or inaction) relating to services to the association, that agent is entitled to have the association pay the costs of defense. If the agent is a non-compensated director, the cost of defense would be covered by the D&O policy; in the absence of such insurance (see #1 above), the association would still have to pay for the defense, but the payment would come from the association's own funds, rather

than from the insurance policy.

4. Finally, your own bylaws (6.2.4(iii)) state that the Board may not, without the vote of a majority of the members, pay any compensation to an officer or director for services performed in the conduct of the Association's business. Note that "compensation" includes forgiveness of obligation. Thus, forgiving the assessment obligation constitutes compensation.

Please note, if you wish to pursue this, you could remove the bylaw prohibition by amendment, or you could obtain an owner vote approving of such payment. However this would not take care of the remaining problems, viz., loss of insurance coverage and loss of immunity under the Civil Code.

Please let me know if you require further comment on this issue.

Vista de Bernardo Regulation R-15

Subject: Communications from the Board.

Approval Date: 08 January 04

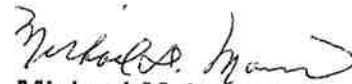
Intent: This is a continuation of a regulation adopted for fiscal year 2003. The intent of this regulation is to allow the association to know how each board/committee member feels about each issue. Additionally, the intent of this regulation is to ensure that communications from the board/committee will be sent only with full knowledge of each and every member of the board/committee. Therefore any communication, be it regulation, procedure, letter, etc., must be signed or initialed by all board/committee members and if an opinion or vote is required, the signature will also indicate the signer's position.

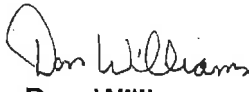
Regulation: All communication from the association board or any committees will have signature lines for all board/committee members and if needed will have a yes/no, approve/disapprove or some other form of option which will be checked by the board/committee member.

Approval Signatures:


Dennis Bammann
President


Sheryl Mercado
1st Vice President


Michael Maiorano
2nd Vice President


Don Williams
3rd Vice President


Tamera Carey Wicburg
Secretary/Chief Financial Officer

Vista de Bernardo Regulation R-16



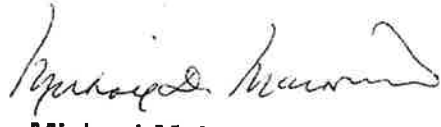
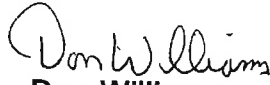
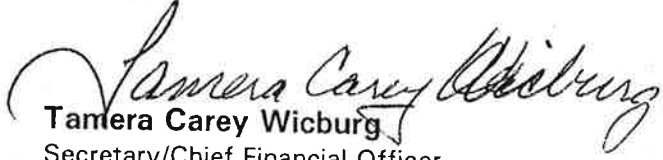
Subject: Change to board member attendance policy.

Approval Date: 08 January 04

Intent: This is to allow for the continuation of regular board meetings in the event that one member of the board cannot be present for a meeting.

Regulation: If one board member is unable to attend a regularly scheduled board meeting, that member shall have the option of pre-voting on all items on the agenda and submitting those vote(s) to be read in by the Secretary at the appropriate time during the meeting. Or, the board member shall also have the option to obtain a proxy form from the Secretary and assign his/her vote to any board member that he/she designates. Items requiring a vote which are not on the agenda will be tabled for the next regular meeting, or a special meeting will be called if the matter is urgent. If more than two members cannot attend the meeting, then the meeting will be rescheduled.

Approval Signatures:

 Dennis Bammann President	 Sheryl Mercado 1 st Vice President	 Michael Maiorano 2 nd Vice President
 Don Williams 3 rd Vice President	 Tamera Carey Wicburg Secretary/Chief Financial Officer	

Vista de Bernardo Regulation R-17

Subject: Identification and Status Tables of Regulations and Standards.

Board Approval Date: 8 Mar 2005

Background:

Knowing what the rules are at any given time is vital to association success. Prior to the adoption of this regulation, no tabulated status existed identifying which regulations and standards are currently in force and which are not. Another challenge faced by the association was how to remove or make obsolete a regulation or standard. Was a written regulation needed to remove a regulation or standard? The *Vista de Bernardo Regulations* and *Vista de Bernardo Architectural and Landscape Standards* books provided a place to store the rules. However without the new tables, they did not handle well the distinction between those rules in force and those made obsolete. Further, prior to this regulation both standards and regulations were only identifiable by their subject description. These subject descriptions were usually several words long such as "Assessment Fees and Fines Policy – Update 1 Aug 2001". The long subject names proved difficult to refer to in association communications. For example, homeowners were notified that on 01 Jan 2003 "Assessment Fees and Fines Policy – Update 1 Aug 2001" would be replaced by "Assessment Fees and Fines Policy – Update 15 Nov 2001". If this regulation had been in place, homeowners could have been notified more simply that Regulation R-11 would replace R-2 effective 01 Jan 2003.

Intent:

Create tables showing those regulations and standards in force (current) and those no longer in force (obsolete). Maintain these tabulations as a table of contents in the books, the *Vista de Bernardo Regulations* and *Vista de Bernardo Architectural and Landscape Standards*. Create a short alphanumeric identification system by which regulations and standards may be more easily referenced. Provide a history.

Regulation:

The board of directors shall create and cause to be maintained a REGULATION IDENTIFICATION AND STATUS TABLE in the *Vista de Bernardo Regulations* book. Board approved regulations after the *Clean Slate Resolution #2* will be numbered in order beginning with R-1 and progressing sequentially R-2, R-3, and so forth. These identification symbols will be located in the heading of each respective regulation.

The board of directors shall create and cause to be maintained a STANDARDS IDENTIFICATION AND STATUS TABLE in the *Vista de Bernardo Architectural and Landscape Standards* book. Board approved standards after the *Clean Slate Resolution* will be numbered in order beginning with S-1 and progressing sequentially S-2, S-3, and so forth. These identification symbols will be located in the heading of each respective standard.

In addition to a current revision date, each table created and maintained will include: 1) the respective regulation or standard identification number; 2) the subject description; 3) the board approval date; and 4) status. The status will be Current or Obsolete. In the case of obsolescence, the date this action was taken will be noted in the status column. The status may also include other reference information, particularly cross-references to changes made.

Each individual regulation or standard longer than one page will be marked with a page number. The page number scheme will include the total number of pages for that individual regulation or standard. For example, the pages of a three-page-long regulation would be marked 1 of 3, 2 of 3, and 3 of 3.

The master copy of the *Vista de Bernardo Regulations* and *Vista de Bernardo Architectural and Landscape Standards* books will contain only current regulations and standards along with up-to-date tables. Only current regulation and standard books will be sent to Owners or prospective Owners when they purchase complete sets of documents.

Obsolete regulations and standards will be removed from their respective books and archived in a separate file indefinitely. However, reference to obsolete regulations and standards will remain indefinitely in the tables providing a complete history of changes and revisions.

Notices of new regulations or standards sent to Owners from time to time will be accompanied with an updated copy of the updated regulation or standard table as applicable. Owners remain responsible to know and abide by the current regulations and standards.

The initial tables at the time this regulation was approved are included in the pages of this regulation.

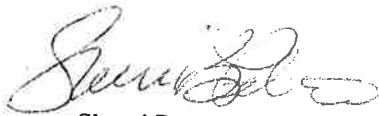
Approval Signatures:



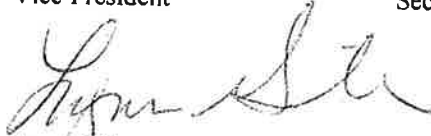
Dustin Dunn
President

Sheryl Mercado
Vice-President

Camille Popik
Secretary



Sherri Petro
Treasurer



Lynn Giles
Member at Large

REGULATION IDENTIFICATION AND STATUS TABLE

Revision Date: 8 Mar 05

Regulation Number	Subject	Approval Date	Status
	Clean Slate Resolution #2	27 Sep 01	Current.
R-1	Residential Purposes, Application of Section 2.1 of CC&Rs	27 Sep 01	Current. (See S-1).
R-2	Assessment Fees and Fines Policy – Update 1 Aug 2001	27 Sep 01	Obsolete. Replaced by Regulation R-11.
R-3	Vista de Bernardo Architectural Committee and CABH Architectural and Landscape Guidelines	27 Sep 01	Current. (See S-2).
R-4	Enforcement Policy and Fine Procedure for Violations – 26 Jul 2001	27 Sep 01	Current.
R-5	Authority granted to Architectural Committee to initiate the fine system – 25 May 01	27 Sep 01	Current.
R-6	Governing Documents, Escrow, and Copying Fees	27 Sep 01	Current.
R-7	Disaster Communication Plan	27 Sep 01	Current.
R-8	Monthly Dues Exemption to association members assigned to perform the bookkeeping and mail retrieval services of the association.	07 Feb 02	Obsolete 08 Jan 04 by R-14.
R-9	Commercial Trade or Business Application of Section 2.13 of CC&Rs.	01 Aug 02	Current.
R-10	Sport Apparatus Standards Application of Section 2.18 of CC&Rs.	01 Aug 02	Current.
R-11	Assessment Fees and Fines Policy – Update 15 Nov 2002	15 Nov 02	Current.
R-12	Written Communication from Vista de Bernardo Board of Directors to Association Members.	11 Jun 03	Obsolete. Expired 4 Dec 03.
R-13	Reassignment of board titles for fiscal year 2004	08 Jan 04	Obsolete. Expired 25 Oct 04.
R-14	Removal of the Monthly Due Exemption Regulation to association member assigned to perform the bookkeeping and mail retrieval services of the association.	08 Jan 04	Current.
R-15	Communications from the Board.	08 Jan 04	Current.
R-16	Change to board member attendance policy.	08 Jan 04	Current.
R-17	Identification and Status Tables of Regulations and Standards.	08 Mar 05	Current.

STANDARDS IDENTIFICATION AND STATUS TABLE

Revision Date: 8 Mar 05

Standard Number	Subject	Approval Date	Status
	Clean Slate Resolution	21 Sep 00	Current.
S-1	Residential Purposes, Application of Section 2.1 of CC&Rs	21 Sep 00	Obsolete. Moved to Regulation R-1.
S-2	Vista de Bernardo Architectural Committee and CABH Architectural and Landscape Guidelines	21 Sep 00	Obsolete. Moved to Regulation R-3.
S-3	Communication Devices, Application of Section 2.8 of CC&Rs	21 Sep 00	Current.
S-4	Application of Section 6.2 of the CC&Rs in relation to House Colors	21 Sep 00	Obsoleted 01 Feb 01. Replaced by S-7.
S-5	Application of Section 6.2 of the CC&Rs in relation to Views.	21 Sep 00	Current.
S-6	Mailboxes	21 Sep 00	Current.
S-7	Application of Section 6.2 of the CC&Rs in relation to House Colors.	07 Dec 01	Obsolete. Replaced by S-9.
S-8	Landscaping Clarification Section 6.2.	01 Aug 02	Obsolete. Replaced by S-10.
S-9	Application of Section 6.2 of the CC&Rs in relation to House Colors	11 June 03	Current.
S-10	Landscaping Clarification Section 2.15	11 June 03	Current.

Vista de Bernardo Architectural and Landscape Standards

Revision Date: 8 Mar 2005

Vista de Bernardo Architectural and Landscape Standards

CURRENT STANDARDS

Revision Date: 8 Mar 05

Standard Number	Subject	Pages	Approval Date
	Clean Slate Resolution	1	21 Sep 00
S-3	Communication Devices, Application of Section 2.8 of CC&Rs	2	21 Sep 00
S-5	Application of Section 6.2 of the CC&Rs in relation to Views.	1	21 Sep 00
S-6	Mailboxes	1	21 Sep 00
S-9	Application of Section 6.2 of the CC&Rs in relation to House Colors	2	11 June 03
S-10	Landscaping Clarification Section 2.15	1	11 June 03

This page is provided as a courtesy for those who wish to only know the current standards in force as of March 8, 2005. It does not supersede the STANDARDS IDENTIFICATION AND STATUS TABLE established by R-17 to provide both a history and status of all Vista de Bernardo architectural and landscape standards.

Vista de Bernardo Architectural and Landscape Standards

STANDARDS IDENTIFICATION AND STATUS TABLE

Revision Date: 8 Mar 05

Standard Number	Subject	Approval Date	Status
	Clean Slate Resolution	21 Sep 00	Current.
S-1	Residential Purposes, Application of Section 2.1 of CC&Rs	21 Sep 00	Obsolete. Moved to Regulation R-1.
S-2	Vista de Bernardo Architectural Committee and CABH Architectural and Landscape Guidelines	21 Sep 00	Obsolete. Moved to Regulation R-3.
S-3	Communication Devices, Application of Section 2.8 of CC&Rs	21 Sep 00	Current.
S-4	Application of Section 6.2 of the CC&Rs in relation to House Colors	21 Sep 00	Obsoleted 01 Feb 01. Replaced by S-7.
S-5	Application of Section 6.2 of the CC&Rs in relation to Views.	21 Sep 00	Current.
S-6	Mailboxes	21 Sep 00	Current.
S-7	Application of Section 6.2 of the CC&Rs in relation to House Colors.	07 Dec 01	Obsolete. Replaced by S-9.
S-8	Landscaping Clarification Section 6.2.	01 Aug 02	Obsolete. Replaced by S-10.
S-9	Application of Section 6.2 of the CC&Rs in relation to House Colors	11 June 03	Current.
S-10	Landscaping Clarification Section 2.15	11 June 03	Current.

Vista de Bernardo Owners Association

P.O. BOX 27865

San Diego California 92198-1865

21 Sep 00

BACKGROUND

Over the years, the board of directors of the Vista de Bernardo Home Owners Association have adopted various additional standards in regard to architectural and landscape requirements for the neighborhood (see Bylaws 6.2.1.i). These standards together with the lot restrictions contained in the Vista de Bernardo Planned Development Declaration of Neighborhood Restrictions (commonly called CC&Rs) have been the basis for approving or disapproving applications for architectural and landscape improvements. Unfortunately, the standards created from time to time are found scattered throughout the meeting minutes from the past. The board is finding it difficult to compile and communicate what these additional rules and guidelines are.


CLEAN SLATE RESOLUTION


The board of directors of Vista de Bernardo hereby creates a new book to compile architectural and landscape standards established from time to time by the board of directors. The book will be called the *Vista de Bernardo Architectural and Landscape Standards*. The standards contained therein, together with the lot restrictions and the architectural control process contained in the Vista de Bernardo CC&Rs, are the basis given to the Architectural and Landscape Committee for approving or disapproving applications for architectural and landscape improvements. These documents together provide the standard for measuring compliance and non-compliance of architecture and landscaping within the lots.

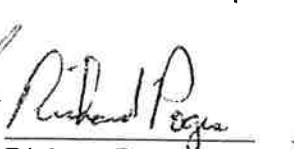
The standards contained in the book, *Vista de Bernardo Architectural and Landscape Standards*, supercede all rules, guidelines, or criteria established by previous boards of directors related to architectural and landscape concerns. However, each previously established standard can be review again by the board and added by amendment to the *Vista de Bernardo Architectural and Landscape Standards*. Amendments to this book are considered an ordinary corporate act taken by the board of directors.


All previous architectural and landscape approval and disapproval decisions remain in force. Nevertheless, applications for improvements previously rejected may again be submitted for approval under the requirements of the Vista de Bernardo CC&Rs and the standards contained in the newly created *Vista de Bernardo Architectural and Landscape Standards*.

As appropriate, the standards contained within the *Vista de Bernardo Architectural and Landscape Standards* book will be communicated to the membership.


Dustin Dunn
President


Henry Chaboki
Vice-President


Richard Pogue
Secretary


Trudy Kelley
Treasurer

Vista de Bernardo Architectural and Landscape Standard S-3

Subject: Communication Devices, Application of Section 2.8 of CC&Rs

Board Approval Date: 21 Sep 00

Intent:

To avoid any potential conflict with regulations of the Federal Communication Commission (FCC) towards any homeowners, the Vista de Bernardo Home Owners Association will use the standard set forth below in relation to Section 2.8 of the *Vista de Bernardo Planned Development Declaration of Neighborhood Restrictions* dated 9-6-83.

Standard:

1. Satellite dishes of one (1) meter or less in diameter, and other communication-receiving antennae or devices covered by the Federal Telecommunication Act of 1996 (the "Act") (collectively referred to in this policy as "qualified satellite receiver"), may be installed on the Owner's Lot as provided in this policy. Satellite dishes larger than one (1) meter in diameter, and any other antennae not covered by the Act are prohibited.
2. Application to the Board of Directors or Architectural Committee shall not be required prior to installing a satellite receiver.
3. No fee payable to the Association shall be required prior to installation of a qualified satellite receiver.
4. An Owner may install a qualified satellite receiver on such location on the Owner's Lot as Owner shall determine is appropriate for the signal strength desired. If more than one location on the Lot will provide the requisite signal strength, Owner is requested to voluntarily place his or her qualified satellite receiver in such location as will minimize the visual effect of the equipment on the Common Areas and other residents.
5. Owners shall keep the qualified satellite receiver in good repair and maintenance and not permit the same to become unsightly, in accordance with the maintenance requirement of the Association's governing documents.
6. Qualified satellite receivers may not be installed on any part of the association common areas.
7. Owner shall indemnify and hold harmless the Association, and its agents, directors, officers, and employees, from any and all loss, claim, damage, injury, judgement, or cost, including attorneys' fees and court costs, resulting from or arising out of Owner's installation, maintenance, or use of the qualified satellite receiver, to the extent that Owner's negligence in installation, maintenance, and/or use of the qualified satellite receiver caused or resulted in the loss, claim, damage, injury, judgement or cost, including attorneys' fees and court costs being indemnified.
8. Nothing in this policy is intended to unreasonably increase the Owner's cost of installing a satellite receiver, unreasonably delay the installation, or unreasonably decrease the reception of the signals received. Should any Owner believe that anything in this policy does unreasonably affect the cost, delay installation, or decreases signal strength, the Owner is encouraged to contact any member of the Board or Architectural Committee to discuss and resolve the matter.
9. Nothing in this policy is to be interpreted as being contravention of the Act regarding the installation, maintenance, and use of satellite dishes. Should any portion of this policy be interpreted as contravening the act, that section or sections shall be considered immediately modified to conform to the act. Should it be impossible to so modify the section or sections, that section or sections shall be deemed severable from the remainder of the policy, and shall be of no force and effect whatsoever.
10. Prior to, or simultaneously with, the installation of the qualified satellite receiver, the Owner of the Lot shall execute a copy of this policy and provide the signed copy of this policy and provide the signed copy to the Board of Directors.

The policy form hereto spoken of is attached on the next page. In item number 10, the owner is required to submit a signed policy form. The signed copy should be maintained with the other approved architectural and landscape application for improvements.

VISTA DE BERNARDO OWNERS ASSOCIATION

POLICY REGARDING SATELLITE DISH INSTALLATION AND MAINTENANCE

1. Satellite dishes of one (1) meter or less in diameter, and other communication-receiving antennae or devices covered by the Federal Telecommunication Act of 1996 (the "Act") (collectively referred to in this policy as "qualified satellite receiver"), may be installed on the Owner's Lot as provided in this policy. Satellite dishes larger than one (1) meter in diameter, and any other antennae not covered by the Act are prohibited.
2. Application to the Board of Directors or Architectural Committee shall not be required prior to installing a satellite receiver.
3. No fee payable to the Association shall be required prior to installation of a qualified satellite receiver.
4. An Owner may install a qualified satellite receiver on such location on the Owner's Lot as Owner shall determine is appropriate for the signal strength desired. If more than one location on the Lot will provide the requisite signal strength, Owner is requested to voluntarily place his or her qualified satellite receiver in such location as will minimize the visual effect of the equipment on the Common Areas and other residents.
5. Owners shall keep the qualified satellite receiver in good repair and maintenance and not permit the same to become unsightly, in accordance with the maintenance requirement of the Association's governing documents.
6. Qualified satellite receivers may not be installed on any part of the association common areas.
7. Owner shall indemnify and hold harmless the Association, and its agents, directors, officers, and employees, from any and all loss, claim, damage, injury, judgement, or cost, including attorneys' fees and court costs, resulting from or arising out of Owner's installation, maintenance, or use of the qualified satellite receiver, to the extent that Owner's negligence in installation, maintenance, and/or use of the qualified satellite receiver caused or resulted in the loss, claim, damage, injury, judgement or cost, including attorneys' fees and court costs being indemnified.
8. Nothing in this policy is intended to unreasonably increase the Owner's cost of installing a satellite receiver, unreasonably delay the installation, or unreasonably decrease the reception of the signals received. Should any Owner believe that anything in this policy does unreasonably affect the cost, delay installation, or decreases signal strength, the Owner is encouraged to contact any member of the Board or Architectural Committee to discuss and resolve the matter.
9. Nothing in this policy is to be interpreted as being contravention of the Act regarding the installation, maintenance, and use of satellite dishes. Should any portion of this policy be interpreted as contravening the act, that section or sections shall be considered immediately modified to conform to the act. Should it be impossible to so modify the section or sections, that section or sections shall be deemed severable from the remainder of the policy, and shall be of no force and effect whatsoever.
10. Prior to, or simultaneously with, the installation of the qualified satellite receiver, the Owner of the Lot shall execute a copy of this policy and provide the signed copy of this policy and provide the signed copy to the Board of Directors.

This policy is adopted by the Board of Directors of the Vista de Bernardo Owners Association at its regular Neighborhood Board meeting held on 21 Sep 2000, in San Diego, California.

Secretary

The terms and conditions outlined in the above policy are hereby accepted.

Owner's Signature

Printed Name

Property Address

Lot #

Vista de Bernardo Architectural and Landscape Standard S-5

Subject: Application of Section 6.2 of the CC&Rs in relation to Views.

Board Approval Date: 21 Sep 00

Intent:

The standard set forth below is established to clarify view standards in relation to "interference, or potential for interference with the view from any Lot" as found in Section 6.2 of the *Vista de Bernardo Planned Development Declaration of Neighborhood Restrictions* dated 9-6-83. The standard establishes criteria upon which the Architectural Committee is to approve or disapprove architectural and landscape changes.

Standard:

According to Section 6.2 of the CC&Rs, trees, bushes, shrubs or plants which are not in excess of six feet in height or are unlikely to grow to a height in excess of six feet can be planted or placed anywhere upon a lot without architectural committee approval. Like any structure, plants of all kinds can interfere or have the potential to interfere with the view from any lot. Consequently, a zone of six feet high along the property lines is established as a threshold upon which view interference determination is based.

All structures less than six feet are below the threshold. Therefore, no structure less than six feet high can be denied based upon "interference, or potential interference with the view from any Lot".

All structures greater than six feet or plants which are in excess of six feet in height or plants which are likely to grow to a height in excess of six feet are considered above the threshold and must be judged in accordance with "interference, or potential interference with the view from any Lot".

In considering the potential interference of a view from a lot, the architectural committee should try to estimate interference as a percentage of the view area from that lot. The architectural committee can honor a neighbor's request to disapprove an application of improvement when the estimated interference area is over 25% of the view area.

One approach to evaluate the percent interference is described here. A view area is defined as coplanar with the property line plane dividing the two lots. The view area is bounded on the bottom by the threshold height of six feet above the surface of the land at the property line. On the top, the view area is bounded twenty feet above the threshold height (26 feet above the ground). The view area is bounded on one side by the intersection of an adjacent property line plane. Lastly, the view area is bounded on the other side in such a way as to exclude the original house structures from the view area. This boundary can be established at the intersection of the view area with another vertical plane which intersects the corner of the original house on the lot where the proposed structure is to be placed with the corner of the original house on the lot from where the amount of view interference is being estimated. The interference area is the area of existing interference plus the area the proposed structure or plant will occupy. The interference percentage is the interference area divided by the view area.

The architectural committee can use other rational approaches for evaluating the percent interference when considering applications for improvement.

Vista de Bernardo Architectural and Landscape Standard S-6

Subject: Mailboxes

Board Approval Date: 21 Aug 00

Intent:

The following mailbox standard is established to maintain mailboxes in "harmony of external design with existing structures" as found in Section 6.2 of the *Vista de Bernardo Planned Development Declaration of Neighborhood Restrictions* dated 9-6-83. The mailbox standard establishes criteria upon which the Architectural Committee is to approve or disapprove mailbox changes and to evaluate proper maintenance.

Standard:

Mailboxes will be black. Mailbox flags will be red. Mailboxes will be very similar in shape to those existing in Vista de Bernardo and no mailbox will be of the type with a U-shaped top. Mailbox posts will be maintained in good repair and match the original design. Mailbox posts will be maintained with a dark brown color and address numbers mounted on the posts will be white.

Vista de Bernardo Architectural and Landscape Standards S-9

Subject: Application of Section 6.2 of the CC&Rs in relation to House Colors.

Amended Board Approval Date: June 11, 2003

Original Board Approval Date: 7 Dec 00

Intent:

This amendment maintains the original intent. The standard set forth below is established to modernize house colors and clarify standards in relation to "harmony of external design with existing structures" as found in Section 6.2 of the *Vista de Bernardo Planned Development Declaration of Neighborhood Restrictions* dated 9-6-83. The standard establishes criteria upon which the Architectural Committee is to approve or disapprove house color change requests. The house colors established are consistent with existing approved structures in Vista de Bernardo and consistent with other neighborhoods in the Community of Bernardo Heights.

The June 11, 2003 amendment removes color schemes, 2A, 3A, 4A, 5A, 5D, 6A, 6B, and 6C. Further, it creates new color schemes: 1D, 2D, 2E, 2F, 3D, 3E, and 5E. It also adds "taupe" as an approved color for garage doors.

Standard:

House color changes will be approved if they are consistent with one of the nineteen color schemes listed in the table below. The colors are provided by Frazee Paint Exterior Colors (C/G 430M 8/99).

Stucco (walls)

Trim (wood trim around doors, windows, and original-style garage doors)

Fascia, Eaves, and Timbers (extrudes from stucco of house)

Color Scheme	Stucco	Trim/Fascia/Eaves/Timbers
1-A	#556 Pampas White	#525 Baja Beige
1-B	#556 Pampas White	# 151 Padre Brown
1-C	#556 Pampas White	#556 Pampas White
1-D	#556 Pampas White	#213 Travatan
2-B	#182 Arizona White	# 151 Padre Brown
2-C	#182 Arizona White	#182 Arizona White
2-D	#182 Arizona White	#390 Western Beige
2-E	#182 Arizona White	#525 Baja Beige
2-F	#182 Arizona White	#213 Travatan
3-B	#307 Navajo White	# 151 Padre Brown

3-C	#307 Navajo White	#307 Navajo White
3-D	#307 Navajo White	#525 Baja Beige
3-E	#307 Navajo White	#181 White Shadow
4-B	#390 Western Beige	# 151 Padre Brown
4-C	#390 Western Beige	#390 Western Beige
4-D	#390 Western Beige	#181 White Shadow
5-B	#393 Sonoma	# 151 Padre Brown
5-C	#393 Sonoma	#393 Sonoma
5-E	#393 Sonoma	# 181 White Shadow

Original-Style Garage Doors

Original-style garage doors must be one solid color chosen from either color of the selected color scheme.

New-Style or Roll-up Garage Doors

Color of new-style or roll-up garage doors will be one consistent color (white, crème, almond, or taupe). Windows of various designs on these new-style garage doors are allowed.

Notes:


#307 Navajo White, matches the color of the almond metal roll-up garage door.

#181 White Shadow (trim color) matches the white metal garage door.

Approval Signatures:


Dennis Bammann
 President


Liz Cherry
 Secretary


Darlene Dunn
 Treasurer

Vista de Bernardo Architectural and Landscape Standards S-10

Subject: Landscaping Clarification Section 2.15

Original Board Approval Date: August 1, 2002

Amended Board Approval Date: June 11, 2003

Intent:

This amendment seeks to maintain the original intent of the 01 August 2002 standard, yet it corrects misquotations, incorrect references, and unclear terms.

The following landscape standard is intended to clarify Section 2.15 of the *Vista de Bernardo Planned Development Declaration of Neighborhood Restrictions* dated 9-6-83. The official language reads: "... each Owner of each lot shall maintain the landscaping upon said Owners' Lot in good condition and in conformance with standards established by the Community Architectural Committee, removing all weeds and watering lawns and shrubs as often as the same shall be necessary." The standard establishes criteria upon which the Neighborhood Architectural Committee measures "good condition" and requests homeowners' comply for neighborhood fire safety, security and visibility. Inability to follow the guidelines may result in a fine.

Standard:


- 1) All shrubs and groundcover must be healthy.
- 2) All dead landscaping must be removed.
- 3) Any infected trees must be treated or removed and can be replaced.
- 4) All landscaping must be cut back from the sidewalks so as to not impede pedestrian traffic.
- 5) Hedges on corner lots must be trimmed so they do not obstruct the view of vehicles to oncoming traffic.

The standards spoken of as established by the Community Architectural Committee are contained in the current amendment of the *Architectural Rules and Guidelines: The Community Association of Bernardo Heights*.

Approval Signatures:


Dennis Bammann
President


Liz Cherry
Secretary


Darlene Dunn
Treasurer