

CERTIFICATE OF AMENDMENT
OF THE BYLAWS
OF
THE COMMUNITY ASSOCIATION OF BERNARDO HEIGHTS,
a California Nonprofit Mutual Benefit Corporation

The undersigned, Julie Maiorano, certifies that:

She is now and at all times mentioned in this Certificate of Amendment the duly elected, qualified and acting Secretary of The Community Association of Bernardo Heights, a duly organized and existing California nonprofit mutual benefit corporation, and in charge of the Minute Book and corporate records of such corporation.

Pursuant to the vote of at least fifty-one percent (51%) of the voting power of the Community Members at a meeting of the Community Members held on February 11, 1997, the Bylaws of The Community Association of Bernardo Heights are amended as follows:

1. Article V of the Bylaws is amended and restated in its entirety to read as follows:

ARTICLE V

ELECTION OF DIRECTORS

Election to the Community Board shall be by written ballot. At such election the Community Members may cast, with respect to each vacancy, as many votes as they are entitled to exercise under provisions of the Community Declaration, the Articles and these Bylaws. Each Community Member may cumulate the votes which it is authorized to vote 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 principal among as many candidates as it desires. A Community Member or any other representative entitled to vote hereunder shall be entitled to cumulate its votes for one or more candidates for the Community Board if the candidate's name has been placed in nomination prior to voting and if the Community Member or other such representative has given notice at the meeting prior to the voting of its intention to cumulate votes. Except as

provided in this paragraph below, the candidates receiving the highest number of votes for the director or directors to be elected shall be deemed elected. Notwithstanding the preceding sentence, no more than one (1) Owner from any particular Neighborhood shall be elected to or shall otherwise serve on the Community Board at the same time. If two (2) or more candidates are Owners in the same Neighborhood, only the Owner from such Neighborhood receiving the highest number of votes is eligible for election to the Community Board. Even if any of the other Owners from such Neighborhood receive more votes than the votes received by any of the candidates from the other Neighborhoods, such other Owners will not be elected to the Community Board. Any Owners from a particular Neighborhood in which a current Community Board member not up for reelection is an Owner, shall not be placed on the ballot.

2. Section 1 of Article VI of the Bylaws is amended and restated in its entirety to read as follows:

1. **REGULAR MEETINGS:** Regular meetings of the Community Board shall be held monthly; provided, however, if the Community Board determines that the business to be transacted by the Community Board does not reasonably justify monthly meetings, then regular meetings of the Community Board shall be held at such intervals as the Community Board determines, but not less frequently than once every three months. Regular meetings shall be held at the time and at a place within the Community fixed by the Community Board, and written notice of the time and place of such meetings shall be posted at a prominent place or places within the Community Common area. Notwithstanding the foregoing terms of this section, a regular meeting of the Community Board shall be held not more than ten (10) days after the annual meeting of the Community Members, at which meeting the election of officers shall take place.

3. Subparagraph (a) of Section 1 of Article VII of the Bylaws is amended and restated in its entirety to read as follows:

(a) Enforce the provisions of the Community Declaration and to adopt and publish rules and regulations governing the use of the Community Common Area and the facilities located therein, as defined in the Community Declaration, and the personal conduct of the Owners and their families, tenants, guests, patrons and invitees thereon, and to establish penalties for the violation of the Community Declaration and/or said rules and regulations.

4. Section 2 of Article VIII of the Bylaws is amended and restated in its entirety to read as follows:

2. **ELECTION OF OFFICERS:** The election of officers shall take place at the first meeting of the Community Board following each annual meeting of the Community Members. Such first regular meeting of the Community Board shall be held not more than ten (10) days after the annual meeting of the Community Members.

5. Article IX of the Bylaws is amended and restated in its entirety to read as follows:


ARTICLE IX

COMMITTEES

A Community Architectural Committee shall be established as provided in Article VIII of the Community Declaration. In addition, the Community Board may establish such other committees as it deems appropriate to serve at the pleasure of the Community Board and to conduct the business affairs of the Community Association, subject at all times to the direction and control of the Community Board.

The aforementioned vote has not been rescinded, revoked or modified and is at the date of this Certificate in full force and effect.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Amendment of the Bylaws and affixed the corporate seal of The Community Association of Bernardo Heights on February 11, 1997.



Secretary

FIRST AMENDMENT TO BYLAWS FOR
THE COMMUNITY ASSOCIATION OF BERNARDO HEIGHTS

THIS AMENDMENT TO BYLAWS is made on the date hereinafter set forth by THE COMMUNITY ASSOCIATION OF BERNARDO HEIGHTS, hereinafter referred to as "Association".

W I T N E S S E T H

WHEREAS, it has been determined that it is desireable to amend the Bylaws so that they conform with the requirements of the Corporations Code, and so that there will be greater continuity on the Board of Directors from year to year,

NOW, THEREFORE, Association hereby declares that the Bylaws shall be amended as follows:

ARTICLE III, Section 5 is deleted in its entirety.

ARTICLE IV, Section 2 is deleted in its entirety and the following Section 2 is substituted in its place:

2. TERM OF OFFICE:

A. Staggered Term: Each Director shall serve a two-year term, except as set forth in Sub-paragraph B, below.

B. Board Elected at Regular Annual Meetings:

(1) At the first meeting of the Association after this amendment is adopted, the members shall elect 7 directors. The four (4) directors receiving the greatest number of votes cast by representatives of Community Members of the Community Association other than Declarant shall be elected for a term of two (2) years. Any director elected to the Board by votes cast by the Declarant, and any remaining director(s) elected, shall be elected for a term of one (1) year. Unless vacated sooner, each director shall hold office until the director's term expires and a successor is elected.

(2) At each annual meeting thereafter, the number of directors elected by the members shall equal 7 less the number of directors serving unexpired terms. If more than four (4) directors are elected in any year, the four (4) directors receiving the greatest number of votes cast by Community Members shall be elected for a term of two years, and any remaining director(s) shall be elected for a term of one (1)

BYLAWS OF
THE COMMUNITY ASSOCIATION OF BERNARDO HEIGHTS
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BYLAWS

OF

THE COMMUNITY ASSOCIATION OF BERNARDO HEIGHTS

ARTICLE I

NAME AND LOCATION

The name of the corporation is "THE COMMUNITY ASSOCIATION OF BERNARDO HEIGHTS," hereinafter referred to as the "Community Association." The principal location of the office of the Community Association shall be in the County of San Diego, State of California.

ARTICLE II

DEFINITIONS

The terms used herein shall have the meanings set forth in Exhibit "D" of the Declaration of Covenants, Conditions and Restrictions for The Community Association of Bernardo Heights, recorded on September 30, 1980, as File No. 80-319018, Official Records of San Diego County (the "Community Declaration").

ARTICLE III

MEETINGS OF COMMUNITY MEMBERS

1. ANNUAL MEETINGS OF COMMUNITY MEMBERS: The first meeting of the Community Members shall be held not later than six months after the date of the closing of the sale of the first Residential Lot or Unit in the Community or within 45 days after the closing of the sale of the Residential Lot or Unit which represents the 51st percentile of the total Residential Lots or Units in the Community authorized for sale, under the first Public Report for the Community, whichever occurs first. Thereafter, there shall be annual meetings of the Community Members which shall be held on the second Tuesday of February of each succeeding calendar year at the hour of 7:00 p.m. If the day for such annual meeting is a legal holiday, the meeting shall be held at the same hour on the first day following which is not a legal holiday. Meetings shall be held within the Community or in other such location as the Community Board may specify in writing, provided, however that such other location shall be within a reasonable distance, and as close as possible to the Community.

2. SPECIAL MEETINGS: Special meetings of the Community Members may be called at any time by the president or by a majority of a quorum of the Community Board. A special meeting shall be promptly called by the president or if the president refuses, by any member of the Community Board upon:

(a) the vote for such a special meeting by a majority of a quorum of the Community Board; or

(b) receipt by the Community Board of a written request for such a special meeting signed by Community Members representing not less than 5 percent of the total voting power of the Community Association.

3. NOTICE OF MEETINGS: Written notice of regular and special meetings of the Community Members shall be given by or at the direction of the secretary of the Community Association or other persons authorized to call the meeting by personally delivering a copy of such notice, at least ten but not more than 90 days, or by mailing a copy of such notice at least 20 but not more than 90 days before such meeting to each Community Member entitled to vote thereat, addressed to the Community Member's address last appearing on the books of the Community Association, or supplied by such Community Member to the Community Association for the purpose of notice. Notwithstanding the foregoing, (i) if such meeting is called pursuant to the request provided for in Section 2(b) above, then notice shall be given at least 35 but not more than 90 days after receipt by the Community Board of such request and (ii) if the Community Members at such meeting will address an issue which must be voted upon pursuant to the special voting procedures set forth in Subparagraph E of Paragraph 3.4 of the Community Declaration, then notice shall be given at least 60 but not more than 90 days before such meeting and such notice shall specify the issues which will be voted upon pursuant to said special voting procedures. If a time and place for an adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for such adjourned meeting after adjournment, notice of the time and place of such adjourned meeting shall be given to the Community Members in the manner prescribed for regular meetings. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. If mailed, the notice shall be deemed to be delivered 24 hours after its deposit in the United States mail, postage prepaid, to the address as provided herein.

4. QUORUM: The presence at the meeting of Community Members entitled to cast (or of proxies entitled to cast), 51 percent of the votes of the membership (as determined in accordance with Paragraph 3.4 of the Community Declaration) shall

constitute a quorum for any action except as otherwise provided in the Community Declaration or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, a majority of the Community Members present, in person or by proxy, shall have the power to adjourn the meeting, without notice other than announcement at the meeting, to another time which shall be to a date not less than five but not more than 30 days from the date of the original meeting. The quorum at any such adjourned meeting shall be the Community Members representing 25 percent of the votes of the membership (as determined in accordance with Paragraph 3.4 of the Community Declaration). If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Community Members in the manner prescribed for regular meetings.

5. PROXIES: At all meetings of Community Members, each Community Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary of the Community Association. Every proxy shall be revocable and shall automatically cease upon the conveyance by the Community Member of the title to his Residential Lot or Unit, or upon the death or judicially declared mental incompetence of such Community Member. No proxy shall be valid after 11 months from the date of its execution, unless otherwise specifically provided in the proxy.

6. VOTING RIGHTS: The voting rights of Community Members shall be as set forth in Sections 3.4 and 3.5 of the Community Declaration.

7. VOTING PROCEDURES: The votes of each Neighborhood Association shall be cast in writing at a meeting called for the purpose of such voting. The president of each Neighborhood Association shall cast the votes allocated to that particular Association. At meetings of the Community Members, in the absence of the president of any Neighborhood Association, the vice president of such Neighborhood Association shall be authorized to act at such meeting in the place of such absent president. The manner in which any particular Neighborhood Association casts its votes on a particular issue shall be determined by the Neighborhood Board of such Neighborhood Association; provided, however, that where Lots or Units in a Neighborhood are owned by Declarant or a Merchant Builder, the president of the Neighborhood Association for such Neighborhood shall cast the votes attributable to such Lots or Units on such issue only in the manner specified by Declarant. The votes attributed to Declarant for any properties not part of a Neighborhood Association shall be cast in writing by a duly authorized representative of Declarant.

8. ACTION BY WRITTEN BALLOT: Any action which may be taken at any regular or special meeting of Community Members, except for an election in which positions on the Community Board are to be filled, may be taken without a meeting if the Community Association distributes a written ballot to every Community 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 Community Association and specify the time by which the ballot must be received in order to be counted. Approval by written ballot pursuant to this paragraph shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. A written ballot may not be revoked. Ballots shall be solicited in a manner consistent with the foregoing requirements of this paragraph. 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.

ARTICLE IV

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

1. NUMBER: The Community Board shall initially consist of three members. Upon annexation of any additional Lots and/or Units which aggregate a total of 750 Lots and Units, then the Community Board shall be reconstituted to increase the Community Board to five members. Thereafter, upon the addition of any additional increment or increments of Lots and/or Units which aggregate an additional total of 750 Lots or Units, the Community Board shall be increased to a maximum of seven members to the Community Board.

2. TERM OF OFFICE:

A. Initial Board of Directors: The initial Community Board elected by Declarant pursuant to Section 3.5 of the Declaration shall hold office until their successors (hereinafter

called "Interim Board of Directors") are elected at the first meeting of the Community Members held pursuant to Paragraph 1 of Article III of these Bylaws.

B. Interim Board of Directors: The Interim Board of Directors elected at the first meeting of the Community Members to succeed the members of the initial Community Board shall hold office until their successors are elected at the first regular annual meeting of the Community Members held pursuant to Paragraph 1 of Article III hereof.

C. Board Elected at Regular Annual Meetings: At the first regular annual meeting of the Community Members, the required number of directors shall be elected each for a term of one year and until their successors are elected and qualified. Thereafter the term for all directors shall be one year and until their successors are elected and qualified, to be served concurrently.

3. REMOVAL:

A. Removal Prior to Expiration of Term: Unless the entire Community Board is removed from office, by the vote of Community Members, an individual director shall not be removed prior to the expiration of his term of office if the number of votes cast against his removal is greater than the quotient arrived at by dividing the total number of votes that may be cast under cumulative voting procedures by a denominator equal to one plus the authorized number of directors at the time of the vote.

B. Director Elected by Members other than Declarant: A director who has been elected to office solely by the votes of representatives of Community Members of the Community Association other than Declarant as required by Paragraph 2 of Article V below, may be removed from office prior to the expiration of his term of office only by the vote of not less than 51 percent of the voting power of the representatives of such Community Members, other than Declarant.

C. Successor Elected by Remaining Board Members: In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Community Board and shall serve for the unexpired term of his predecessor.

D. Cumulative Voting: When voting for the removal of a director, each Community Member shall be entitled to cumulate his votes in the manner described in Article V, Paragraph 2, regarding the election of directors.

ARTICLE VNOMINATION AND ELECTION OF DIRECTORS

1. NOMINATION: Nominations for election of directors to the Community Board shall be made in accordance with Section 3.5B of the Community Declaration. The Community Board shall establish a Nominating Committee. The Nominating Committee shall consist of a chairman, who shall be a member of the Community Board, and two or more members of the Community Association. The Nominating Committee shall be appointed by the Community Board prior to each annual meeting. The members of the Nominating Committee shall serve from the close of the annual meeting at which they were appointed until close of the next annual meeting. The persons appointed as members of the Nominating Committee shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election of directors to the Community Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among the Community Members only.

2. ELECTION: Election to the Community Board shall be by secret written ballot. At such election the Community Members may cast, with respect to each vacancy, as many votes as they are entitled to exercise under provisions of the Community Declaration, the Articles and these Bylaws. The candidates receiving the highest number of votes for the director or directors to be elected shall be deemed elected. Each Community Member may cumulate the votes which he is authorized to vote and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which he is entitled, or distribute his votes on the same principal among as many candidates as he thinks fit. At least 20 percent of the directors shall be elected solely by the votes of the representatives of Owners other than the Declarant at any election so long as the majority of the voting power of the Community Association resides in Declarant; the Community Board shall adopt special procedures to insure that at least 20 percent of the directors shall be so elected as herein specified. A Community Member or any other representative entitled to vote hereunder shall be entitled to cumulate his votes for one or more candidates for the Community Board if the candidate's name has been placed in nomination prior to voting and if the Community Member or other such representative has given notice at the meeting prior to the voting of his intention to cumulate votes.

ARTICLE VIMEETINGS OF DIRECTORS

1. REGULAR MEETINGS: Regular meetings of the Community Board shall be held monthly; provided, however, if the Community Board shall determine that the business to be transacted by the Community Board does not reasonably justify monthly meetings, then regular meetings of the Community Board shall be held at such intervals as the Community Board may determine but not less frequently than once every three months. Regular meetings shall be held at the time and at a place within the Community fixed by the Community Board and written notice of the time and place of such meetings shall be posted at a prominent place or places within the Community Common Area.

2. SPECIAL MEETINGS: Special meetings of the Community Board shall be held when called by written notice signed by the president of the Community Association, or by any two directors of the Community Board other than the president.

3. NOTICE TO DIRECTORS: Notice of any regular or special meeting of the Community Board shall be given to each director not less than four days nor more than 15 days prior to the date fixed for such meeting by written notice delivered personally or sent by mail or telegram to each director at his address as shown in the records of the Community Association; provided, however, that notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to the holding of the meeting. The notice shall specify the time and place of the meeting and, in the case of a special meeting, the nature of the special business to be considered. If mailed, such notice shall be deemed to be delivered 24 hours after deposit in the United States mail so addressed, with postage thereon fully prepaid. If notice is given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting. The attendance of a director at the meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

4. QUORUM: Two directors shall initially constitute a quorum for the transaction of business. If the Community Board expands beyond three directors pursuant to Section 1, Article IV, a quorum shall be three of five directors and four of seven directors. Every act done or decision made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Community Board.

5. ACTION WITHOUT A MEETING: On an emergency basis the directors shall have the right to take any action, without a meeting, as may be required for the efficient and expeditious operation and conduct of the Community Association's business and which it otherwise would have the power and authority to take at a meeting; provided, however, the written consent of all directors to such action is first obtained and provided further that written notice to Community Members of the action so taken without a meeting shall be posted in a conspicuous place in the Community Common Area. Any action so taken without a meeting and with such approval shall have the same effect as though taken at a duly noticed meeting of the Board.

6. NOTICE TO MEMBERS; ATTENDANCE BY MEMBERS: The secretary of the Association shall post a notice of all Community Board meetings, regular and special, in a conspicuous place in the Community Common Area not less than four days prior to the scheduled time of the meeting. All meetings of the Community Board shall be open to all Community Members; provided, however, that Community Members who are not serving on the Community Board shall have no right to participate in any deliberations or discussions of the Community Board unless expressly so authorized by the vote of a majority of a quorum of the Community Board.

7. EXECUTIVE SESSION: The Community Board may, with the approval of a majority of a quorum of its members, adjourn any meeting of the Community Board and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Community Association is or may become involved and orders of business of a similar nature; provided, however, the nature of any and all business to be considered in executive session shall first be announced in open session.

ARTICLE VII

POWERS AND DUTIES OF THE COMMUNITY BOARD OF DIRECTORS

1. POWERS: The Community Board shall have the power to:

(a) Enforce the provisions of the Community Declaration and to adopt and publish rules and regulations governing the use of the Community Common Area and the facilities located therein, as defined in the Community Declaration, and the personal conduct of the Community Members and their guests thereon, and to establish penalties for the violation of said Community Declaration and/or said rules and regulations.

(b) Exercise for the Community Association all powers, duties, and authority vested in or delegated to this Community

Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Community Declaration.

(c) Declare the office of a member of the Community Board to be vacant in the event such member shall be absent from three consecutive regular meetings of the Community Board.

2. LIMITATION OF POWERS: Without the vote or written assent of the Community Members (other than Declarant) representing at least 51 percent of the voting power of the Community Members, the Community Board shall be prohibited from taking any of the following actions:

(a) Entering into a contract with a third person for goods or services for Community Common Area or the Community Association for a term longer than one year with the following exceptions:

1. A management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration.

2. A contract with a public utility if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate.

3. Prepaid casualty or liability insurance of not more than three years' duration, provided that the policy permits for short rate cancellation by the insured.

(b) Incurring aggregate expenditures for capital improvements to the Community Common Area in any fiscal year in excess of 5 percent of the budgeted gross expenses of the Community Association for that fiscal year.

(c) Selling during any fiscal year property of the Community Association having an aggregate fair market value greater than 5 percent of the budgeted gross expenses of the Community Association for that fiscal year.

(d) Paying compensation to members of the Community Board or officers of the Community Association for services performed in the conduct of the Community Association's business; provided, however, that the Community Board may cause a member of the Community Board or officer of the Community Association to be reimbursed for his expenses incurred, if reasonable, in carrying on the business of the Community Association.

(e) Filling a vacancy on the Community Board created by the removal of a director.

3. DUTIES: It shall be the duty of the Community Board to (i) undertake all duties and responsibilities of the Community Association as expressed in the Community Declaration and (ii) manage and conduct the affairs of the Community Association, except as expressly reserved to a vote of the membership.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

1. ENUMERATION OF OFFICERS: The officers of this Community Association shall be a president and a vice president, who shall at all times be members of the Community Board, a secretary and a chief financial officer. The Community Association may also have, at the discretion of the Community Board, a chairman of the Community Board, one or more additional vice presidents, one or more assistant secretaries, one or more assistant financial officers and such other officers as may be appointed in accordance with the provisions of Paragraph 4 of Article VIII hereof. Any two or more offices, except those of president and secretary, may be held by the same person.

2. ELECTION OF OFFICERS: The election of officers shall take place at the regular meeting of the Community Board following each annual meeting of the Community Members.

3. TERM: The officers of this Community Association shall be elected annually by the Community Board and each shall hold office for one year unless he shall sooner resign, or shall be removed or otherwise be disqualified to serve.

4. SPECIAL APPOINTMENTS: The Community Board may elect such other officers as the affairs of the Community Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Community Board may from time to time determine.

5. RESIGNATION AND REMOVAL: Any officer may be removed from office with or without cause by the Community Board. Any officer may resign at any time by giving written notice to the Community Board, the president or the secretary. Such resignation shall take effect on the date of 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.

6. VACANCIES: A vacancy in any office may be filled by appointment by the Community Board. The officer appointed to such vacancy shall serve the remainder of the term of the officer he replaces.

7. MULTIPLE OFFICES: Any two or more offices may be held by the same person, except the offices of president and secretary.

8. DUTIES: The duties of the officers are as follows:

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

B. President: Subject to such supervisory powers, if any, as may be given by the Community Board to the chairman of the Community Board, if there be such an officer, the president shall be the general manager and chief executive officer of the Community Association and shall, subject to the control of the Community Board, have general supervision, direction and control of the business and officers of the Community Association. The president shall also (i) in the absence of the chairman of the Community Board, or, if there be none, preside at all meetings of the Community Board, (ii) see that orders and resolutions of the Community Board are carried out, (iii) sign all leases, mortgages, deeds, and other written instruments and (iv) cosign all checks and promissory notes.

C. Vice President: The vice president shall act in the place and stead of the president in the event of the president's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Community Board.

D. Secretary: The secretary shall (i) record the votes and keep the minutes of all meetings and proceedings of the Community Board and of the Community Members, (ii) keep the corporate seal (if any) of the Community Association and affix it on all papers requiring said seal, (iii) serve notice of meetings of the Community Board and of the Community Members, (iv) keep appropriate current records showing the names of the Community Members together with their addresses and (v) perform such other duties as required by the Community Board.

E. Chief Financial Officer: The chief financial officer shall (i) receive and deposit in appropriate bank accounts all moneys of the Community Association and shall disburse such funds as directed by resolution of the Community

Board, (ii) sign all checks and promissory notes of the Community Association, (iii) keep proper books of account, (iv) shall cause an annual audit of the Community Association books to be made by a certified public accountant at the completion of each fiscal year, (v) shall prepare an annual operating statement reflecting income and expenditures of the Community Board from the maintenance fund for the preceding calendar year and the allocation thereof to each Lot and Unit and shall prepare a balance sheet as of the last day of the Community Association's fiscal year with a copy of such report to be distributed to each Community Member within 60 days after the end of each fiscal year (vi) and distribute to each Community Member a balance sheet of an accounting date which shall be the last day of the month closest in time to six months from the closing of the first sale of a Residential Lot or Unit to an Owner and an operating statement for said six-month period, including a schedule of assessments received or receivable itemized by each residential Lot or Unit and name of the person assessed.

ARTICLE IX

COMMITTEES

A Community Architectural Committee shall be established as provided in Article VIII of the Community Declaration. In addition, the Community Board shall establish a Nominating Committee and such other committees as it deems appropriate to conduct the business and affairs of the Community Association.

ARTICLE X

COMMUNITY ASSOCIATION BOOKS AND RECORDS

1. BOOKS AND RECORDS: The books, records and papers of the Community Association, including the membership register, books of account, minutes of meetings of the Community Board, Community Members or committees of the Community Association, the Community Declaration, the Articles of Incorporation and these Bylaws, shall at all times, during reasonable business hours, be available for inspection and copying by any Community Member, or his duly appointed representative. The Community Board shall establish reasonable rules with respect to:

(1) Notice to be given to the custodian of the records by a Community Member desiring to make the inspection.

(2) Hours and days of the week when such an inspection may be made.

(3) Payment of the cost of reproducing copies of documents requested by a Community Member.

2. INSPECTION BY DIRECTORS: Each director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Community Association and the physical properties owned or controlled by the Community Association. The right of inspection by a director includes the right to make extracts and copies of documents.

ARTICLE XI

INDEMNIFICATION OF OFFICERS, DIRECTORS AND AGENTS

1. RIGHT OF INDEMNITY: The Community Association shall indemnify each director, officer, committee member, employee or other agent of the Association who is a party to or is threatened to be made a party to any proceeding, including a proceeding by or in the right of the Community Association, by reason of the fact that such person is or was a director, officer, committee member, employee or agent of the Association, against all expenses and liabilities actually and reasonably paid or incurred in connection with such proceeding to the maximum extent permitted by the California Nonprofit Corporation Law. Terms used in this Article XI shall have the same meaning as in Section 7237 of the California Nonprofit Corporation Law.

2. APPROVAL OF INDEMNITY: Upon written request to the Community Board by any person seeking indemnification hereunder, the Community Board shall promptly determine whether the applicable standard of conduct set forth in the California Nonprofit Corporation Law has been met and, if so, the Community Board shall authorize indemnification. If the Community Board cannot authorize indemnification because the number of directors who are parties to the proceeding with respect to which indemnification is sought prevents formation of a quorum of directors who are not parties to such proceeding, the Community Board shall promptly call a special meeting of Community Members. At such meeting, the Community Members shall determine whether the applicable standard of conduct set forth in the California Nonprofit Corporation Law has been met and, if so, the Community Members shall authorize indemnification. Members or other persons seeking to be indemnified shall not be entitled to vote on the question of indemnification.

3. ADVANCEMENT OF EXPENSES: To the full extent permitted by law and except as is otherwise determined by the Community Board in a specific instance, expenses incurred by a director, officer, committee member, employee or agent seeking indemnification under these Bylaws in defending any proceeding covered by

these Bylaws shall be advanced by the Community Association prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the director, officer, committee member, employee or the agent to repay such amount unless it shall be determined ultimately that such person is entitled to be indemnified by the Community Association as authorized in these Bylaws.

ARTICLE XII

CORPORATE SEAL

The Community Board may (but shall not be required to) adopt, use and at will alter a corporate seal. Such seal, if adopted, shall be affixed to all corporate documents, but failure to affix the seal to any corporation instrument shall not affect the validity thereof.

ARTICLE XIII

AMENDMENTS

1. AMENDMENTS: These Bylaws may be amended, at a regular or special meeting of the Community Members. Amendments shall be made only by a vote of the Community Members representing 51 percent of the voting power of the Community Members other than Declarant, present in person or by proxy and by a vote of the Community Members representing 51 percent of a quorum of Community Members present in person or by proxy. Notwithstanding the preceding sentence, the percentage of a quorum or of Community Members other than Declarant necessary to amend a specific clause in these Bylaws shall be not less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

2. CONFLICT: In the case of any conflict between the Community Articles of Incorporation and these Community Bylaws, the Community Articles shall control; and in the case of any conflict between the Community Declaration and these Community Bylaws, the Community Declaration shall control.

3. RECORDS OF AMENDMENTS: Whenever an amendment or new Bylaw is adopted, it shall be copied in the book of Bylaws with the original Bylaws in the appropriate place. If any new or amended Bylaw repeals any portion of the original Bylaws, the date of the meeting at which the repeal was enacted, or written assent was filed, shall be stated in such book.

ARTICLE XIV

CERTIFICATE OF MEMBERSHIP

1. CERTIFICATE OF MEMBERSHIP: No certificate of membership, identity card or other document evidencing membership in the Community Association shall be issued except by resolution of the Community Board and in conformance with California Corporations Code Sections 7313 and 7314.

ARTICLE XV

TAX EXEMPT STATUS

Notwithstanding anything otherwise provided herein, or in the Community Articles or Community Declaration, the Community Board and Community Members shall conduct the business of the Community Association in such manner that the Community Association will qualify and be considered an organization exempt from federal and state income taxes. The Community Board shall cause to be timely filed any annual election for tax exempt status as may be required under federal or state law, and shall undertake to cause the Community Association to comply with the statutes, rules and regulations adopted by federal and state agencies pertaining to such exemptions.

ARTICLE XVI

MISCELLANEOUS

The fiscal year of the Community Association shall begin on the first day of January and end on the 31st day of December of every year except the first fiscal year shall begin on the date of incorporation.

THE COMMUNITY ASSOCIATION OF BERNARDO HEIGHTS

Certificate of Secretary

I, the undersigned, do hereby certify:

That I am the duly elected and acting secretary of THE COMMUNITY ASSOCIATION OF BERNARDO HEIGHTS, a California nonprofit mutual benefit corporation, and

That the foregoing Bylaws constitute the original Bylaws of said corporation, as duly adopted at a meeting of the Board of directors thereof, held on the 26TH day of May, 1981.


Secretary