

BY-LAWS

SEAGATE VILLAGE COMMUNITY ASSOCIATION

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BY-LAWS

SEAGATE VILLAGE COMMUNITY ASSOCIATION

ARTICLE I

NAME AND PRINCIPAL OFFICE

Section 1.1 Name. The name of the corporation is SEAGATE VILLAGE COMMUNITY ASSOCIATION, a California nonprofit mutual benefit corporation.

Section 1.2 Office. The office of this corporation shall be located in the County of San Diego, State of California.

ARTICLE II

DEFINITIONS

Section 2.1 Association shall mean and refer to SEAGATE VILLAGE COMMUNITY ASSOCIATION, a California nonprofit mutual benefit corporation, its successors and assigns.

Section 2.2 Board or Board of Directors shall mean and refer to the governing body of said Association.

Section 2.3 Declarant shall mean and refer to BARRATT NORTHERN CALIFORNIA, INC., a Delaware Corporation, its successors and assigns, if such successors or assigns should acquire more than one (1) undeveloped Lot or Condominium Unit from Declarant for the purpose of development.

Section 2.4 Declaration shall mean and refer to the enabling Declaration of Covenants, Conditions and Restrictions recorded September 28, 1982, as instrument No. 82-299487

Section 2.5 FHA shall mean and refer to the Federal Housing Administration.

Section 2.6 Member shall mean and refer to an owner as defined in Section 2.8 herein.

Section 2.7 Mortgage shall mean and refer to a Deed of Trust as well as a mortgage.

Section 2.8 Owner shall mean and refer to the recorded owners, whether one (1) or more persons or entities, of fee simple title to any Lot or Condominium Unit which is part of the property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 2.9 Property shall mean and refer to that certain real property located in San Diego County, California, hereinbefore described and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 2.10 VA shall mean and refer to the Veterans Administration.

Section 2.11 Additional Definitions. The definitions contained in Article I of the Declaration are incorporated herein by this reference.

ARTICLE III

VOTING RIGHTS IN ASSOCIATION

Section 3.1 Voting Rights. The Association shall have two (2) classes of voting membership.

Class A: Class A members shall be all owners, with the exception of Declarant (as defined in the Declaration) and

shall be entitled to one (1) vote for each Lot or Condominium Unit owned. When more than one (1) person holds an interest in any Lot or Condominium Unit, all such persons shall be members. The vote for such Lot or Condominium Unit shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot or Condominium Unit.

Class B: The Class B member shall be the Declarant and shall be entitled to vote as follows:

Voting shall be the same as for Class A membership except that the Class B member shall be entitled to three (3) votes for each Lot or Condominium Unit owned. The Class B membership shall forever cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

(a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

(b) On the second anniversary date of the original issuance of the most recent Final Public Report for a phase of the overall project; or

(c) On the fourth anniversary of the original issuance of the Final Public Report for the first phase of the overall development.

Except for any action pursuant to Article XIII of the Declaration, any provision in the Articles of Incorporation, By-Laws or Declaration of the Association which requires the approval of a prescribed majority of the voting power of

members of the Association, other than the Declarant, shall not be construed so as to preclude the Declarant from casting votes attributable to subdivision interests which it owns and all said actions shall require, during the time that there are two outstanding classes of membership, the vote or written assent of at least a bare majority of the Class B voting power as well as the vote or written assent of the prescribed majority of the Class A voting power and, in the event that there has been a conversion of Class B to Class A shares, it shall require the vote or written assent of a bare majority of the total voting power of the Association as well as the vote or written assent of the prescribed majority of the voting power of members other than Declarant.

ARTICLE IV

MEMBERSHIP ASSESSMENTS AND LIENRIGHTS

Section 4.1 Payment of Assessments. The rights of membership in the Association are subject to the payment of Assessments levied by the Association. In accordance with Articles V and VI of the Declaration, Assessments shall be a charge on the real property and shall be a continuing lien upon the Condominium or Lot against which each such Assessment is made and shall be the personal obligation of the person or entity who was the Owner of such Condominium Unit or Lot at the time when the Assessment fell due.

Section 4.2 Uniform Rate. All Association Regular Assessments shall be fixed at a uniform rate for all Condominium Units and Lots; Capital Improvements, Street and Reconstruction Assessments shall be fixed at uniform rate for

all Lots and Capital Improvements and Reconstruction Assessments which relate to the Recreation Area shall be fixed at a uniform rate for all Lots and Condominium Units; and all Condominium Regular Assessments and Capital Improvement Assessments which relate to the Common Area shall be fixed at a uniform rate for all Condominium Units.

Section 4.3 Lien Rights. As provided in the Declaration, the Association shall have a lien against the interest of each Owner of a Lot or Condominium Unit to secure the full and prompt payment of all assessments levied by the Association in compliance with these By-Laws, and in the event of default by the Owner, said interest of such Owner may be foreclosed by the Association in the same manner as a realty mortgage, or may be enforced by sale pursuant to Sections 2924, 2924(b) and 2924(c) of the California Civil Code, and Section 11003.3 of the California Business and Professions Code, and to that end a power of sale is hereby conferred upon the Association. Any assessments which are not paid when due shall be delinquent. If the assessments are not paid within thirty (30) days after the due date, the assessments shall bear interest from the due date at the rate of six percent (6%) per annum, and the Association may bring an action at law against the member personally obligated to pay the same and, in addition thereto or in lieu thereof, may foreclose the lien above provided, and interest, costs and reasonable attorney's fees incurred in any such action shall be added to the amount of such assessments. No member may waive or otherwise escape liability for the assessments provided for hereby by nonuse of

the Common Area, Recreation Area, or abandonment of his Lot or Condominium Unit.

Section 4.4 Payment of Assessments by Declarant. The Declarant shall pay all assessments levied by the Association against any Lot or Condominium Unit owned by it at the same time, in the same manner and in the same amounts as any other Owner.

Section 4.5 Commencement of Regular Assessments. The assessments shall commence as to all Lots or Condominium Units in each phase of development of the Property as set forth in the Declaration on the first day of the month following the conveyance of the first Lot or Condominium Unit in the phase to an Owner or on the first day of the month following the conveyance of the Common Area to the Association in the phase, whichever shall first occur.

ARTICLE V

MEMBERSHIP RIGHTS, PRIVILEGES AND PENALTIES

Section 5.1 Membership. Every person or entity who is a record Owner of a fee interest in any Condominium Unit or Lot (including, without limitation, the record Owner of a Condominium Unit under an installment sales contract) which is subject by the Declaration to assessment by the Association shall be a Member of the Association. Any person or entity having any such interest merely as security for the performance of an obligation shall not be a Member. Membership in the Association and the right to vote shall be appurtenant to, and may not be separated from, the fee ownership of any Condominium Unit or Lot which is subject to

assessment by the Association. Ownership of such Condominium Unit or Lot shall be the sole qualification for membership in the Association.

Section 5.2 Transfer. The membership held by any record Owner of a Condominium Unit or Lot shall not be transferred, pledged or alienated in any way except upon the sale of such Condominium Unit or Lot and then only to the purchaser or assignee thereof. Any attempt to make a prohibited transfer will be void and will not be reflected upon the books or records of the Association. In the event any Owner shall fail or refuse to transfer the membership registered in his name to the purchaser of his Condominium Unit or Lot, the Association shall have the right to record the transfer upon the books of the Association.

Section 5.3 Rights and Privileges. No member shall have the right without the prior approval of the Board to exercise any of the powers or to perform any of the acts of these By-Laws delegated to the Board as in Articles VIII and X of these By-Laws more fully provided. Unless otherwise provided in the Declaration and subject to the rules and regulations adopted by the Board, each member of the Association, his immediate family, guests and tenants shall have the right to use and enjoy the Common Area and Recreation Area. The membership rights and privileges, together with the voting rights of any Member, may be suspended by the Board for any period of time during which the assessment on his Lot or Condominium Unit remains unpaid, and for a period not to exceed thirty (30) days for any infraction of the

Association's published rules and regulations after reasonable written notice and an opportunity for a hearing before the Board. Should the Board believe grounds may exist for any such suspension, the Board shall give to the Member believed to be in violation at least fifteen (15) days prior written notice of the intended suspension and the reasons therefor. The Member shall be given an opportunity to be heard before the Board either orally or in writing not less than five (5) days before the effective date of suspension. The notice required hereby may be given by any method reasonably calculated to provide actual notice. Any notice given by mail must be by first class or registered mail sent to the last address of the Member shown on the Association's records. No such suspension shall affect the rights of such member to access to his Lot or Condominium Unit.

Section 5.4 Penalties. The Board of Directors may adopt rules and regulations imposing reasonable monetary penalties for any period of time during which any member is determined by the Board to be in breach of the provisions of the Declaration or of these By-Laws. No such monetary penalty shall be effective unless the member receives fifteen (15) days prior written notice of the proposed penalty and the reasons therefor and is given an opportunity to be heard either orally or in writing before the Board not less than five (5) days before the proposed effective date of the monetary penalty. The notice required hereby may be given by any method reasonably calculated to provide actual notice. Any notice given by mail must be given by first class or

registered mail sent to the last address of the member shown on the Association's records; provided further that the Association shall have no power to cause a forfeiture or abridgement of an owner's right to the full use and enjoyment of his individually-owned subdivision interest on account of a failure by the owner to comply with the provisions of the governing instruments or of duly-enacted rules of operation for the common areas, recreation areas, and facilities except where the loss or forfeiture is the result of the judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a power of sale for failure of the owner to pay assessments levied by the Association.

(i) Any monetary penalties imposed by the Association as a disciplinary measure for failure of a member to comply with the governing instruments or as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to the common areas, recreation areas, and facilities for which the member was allegedly responsible, or in bringing the member and his subdivision interest into compliance with the governing instruments may not be characterized nor treated as an assessment which may become a lien against the member's subdivision interest enforceable by a sale of the interest in accordance with the provisions of Section 2924, 2924(b), and 2924(c) of the Civil Code; and

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(ii) The provisions of subparagraph (i) do not apply to the charges imposed against an owner consisting of reasonable late payment penalties for delinquent assessments

and/or charges to reimburse the Association for the loss of interest and for costs reasonably incurred, including attorney's fees, in its effort to collect delinquent assessments.

ARTICLE VI

PROPERTY RIGHTS IN THE RECREATION AREA

AND STREET AREA

AND USE OF COMMON AREA

Section 6.1 Recreation Area.

(a) Every Member shall be entitled to the use and enjoyment of the Recreation Area and facilities thereon as provided in Article IV of the Declaration.

(b) Subject to Section 4.04 of the Declaration, any Member may delegate his rights of use and enjoyment of the Recreation Area and facilities thereon to the members of his Family, his tenants and purchasers under a recorded installment sales contract (provided such purchaser is not in default thereunder) of his Residential Element or Residential Dwelling, as the case may be. Such Member shall notify the Secretary in writing of the name of any such person or persons. The rights and privileges of such persons are subject to suspension under Section 5.3 to the same extent as those of the Member.

Section 6.2 Street Area.

(a) Every Member who owns a Lot, and only such members, shall be entitled to the use and enjoyment of the Street Area as provided in Article IV of the Declaration.

(b) Subject to Section 4.05 of the Declaration, any Member who owns a Lot may delegate his rights of use and enjoyment of the Street Area and facilities thereon to the members of his Family, his tenants and purchasers under a recorded installment sales contract (provided such purchaser is not in default thereunder) of his Residential Dwelling. Such Member shall notify the Secretary in writing of the name of any such person or persons and of the relationship of the Member to such person or person. The rights and privileges of such persons are subject to suspension under Section 5.3 to the same extent as those of the Member.

Section 6.3 Common Area.

(a) Every Member who owns a Condominium Unit, and only such Members, shall be entitled to the use and enjoyment of the Common Area and facilities thereon as provided in Article IV of the Declaration.

(b) Subject to Section 4.07 of the Declaration, any Member who owns a Condominium Unit may delegate his rights of use and enjoyment of the Common Area and facilities thereon to the members of his Family, his tenants and purchasers under a recorded installment sales contract (provided such purchaser is not in default thereunder) of his Residential Element. Such Member shall notify the Secretary in writing of the name of any such person or persons and of the relationship of the Member to such person or persons. The rights and privileges of such persons are subject to suspension under Section 5.3 to the same extent as those of the Member.

ARTICLE VII

MEETINGS OF MEMBERS

Section 7.1 Place of Meeting. All meetings of members shall be held at the Property or at such other location in San Diego County, California, in reasonable proximity to the Property, as may be designated in the notice of meeting.

Section 7.2 Annual Meetings of Members. The first annual meeting of members shall be held within six (6) months after the close of escrow of the sale of the first Lot or Condominium Unit by Declarant, or within forty-five (45) days after close of escrow for the sale by Declarant of fifty-one percent (51%) of the Lots or Condominium Units, whichever shall first occur. Subsequent annual meetings of members shall be held on the annual anniversary of the first annual meeting of members. Should any annual meeting day fall upon a legal holiday, then such annual meeting of members shall be held at the same time and place on the next day thereafter ensuing which is not a legal holiday. An election of directors shall be held at the first annual meeting of members and all positions of directors shall be filled at that election.

Written notice of each such annual meeting shall be given to each member and, upon written request therefor, to all first Mortgagees, either personally or by sending a copy of the notice through the mail or by telegraph, charges prepaid, to this address appearing on the books of the Association or supplied by him to the Association for the purpose of notice. If no address is supplied, notice shall be deemed to have been given him if mailed to the address of the Lot or Condominium

Unit owned by such member or encumbered by the first Mortgagee, or published at least once in some newspaper of general circulation in the county of said principal office. All such notices shall be sent not less than ten (10) days and not more than ninety (90) days before each annual meeting, and shall specify the place, day and hour of such meeting.

Section 7.3 Special Meeting. Special meetings of members, for any purpose or purposes whatsoever, may be called at any time by the president or by a majority of a quorum of the Board, or by the written request of five percent (5%) or more of the voting power of the members. Except in special cases where other express provision is made by statute, notice of such special meetings shall be given in the same manner as for annual meetings of members. Notices of any special meeting shall specify in addition to the place, day and hour of such meeting, the general nature of the business to be transacted.

Section 7.4 Adjourned Meetings and Notice Thereof. Any membership meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the voting power present in person or represented by proxy, but in the absence of a quorum no other business may be transacted at any such meeting.

Section 7.5 Mortgage Representation. First Mortgagees shall have the right to attend all membership meetings through a representative designed in writing and delivered to the Board.

Section 7.6 Voting. Voting of the members may be by viva voce or by ballot. All elections for directors shall be by secret written ballot. Cumulative voting is required for all elections in which more than two (2) directors are to be elected. No member shall be entitled to cumulate votes for a candidate or candidates unless such 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 at any election for directors, subject to the foregoing, shall have the right to cumulate votes and give one (1) 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 to distribute his votes on the same principle among as many candidates as he shall think fit. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected. Unless the entire Board is removed from office by the vote of the 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 or not consenting in writing to his removal would be sufficient to elect the director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of directors authorized at the time of the most recent election of directors were then being elected. Any director elected to office solely by the votes of members other than Declarant as provided below may be removed from office prior to the

expiration of his term only upon the vote of a simple majority of the voting power of members other than Declarant. Anything contained herein to the contrary notwithstanding, at the first election of directors by members and thereafter for so long as a majority of the voting power of members is held by Declarant, or so long as there are two (2) outstanding classes of membership, not fewer than twenty percent (20%) of the directors may be elected solely by the voting power of members other than Declarant. The election of directors may be held at any meeting of members and each member shall have the right to nominate from the floor candidates for the office of director.

Section 7.7 Quorum. The presence in person or by proxy of a majority of the voting power entitled to vote at any meeting shall constitute a quorum for the transaction of business. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough voting power to leave less than a quorum. In the event any meeting of members cannot be held because a quorum is not present, the members present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time of the original meeting date, at which meeting the quorum requirement shall be twenty five percent (25%) of the voting power of the membership of the Association; provided, however, if after adjournment a new date is fixed for the adjourned meeting, notice of the time and place of the adjourned meeting shall be

given to members in the manner prescribed for regular meetings; provided further, that in the event the quorum requirement becomes twenty five percent (25%) of the voting power of the membership, then the only matters that may be voted upon at any meeting actually attended in person or by proxy by one-third (1/3) or less of the voting power are matters notice of the general nature of which was given in the notice of meeting.

Section 7.8 Consent of Absentees. The transactions of any meeting of members, either annual or special, however called or noticed, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum be present either in person or by proxy and if, either before or after the meeting, each of the members entitled to vote, not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 7.9 Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot or Condominium Unit or upon receipt of notice by the Secretary or the Board of the death or judicial declaration of incompetence of a member, or upon the expiration of eleven (11) months from the date of the proxy. Every form of proxy

or written ballot which provides an opportunity to specify approval or disapproval with respect to any proposal shall also contain a space marked abstain.

Section 7.10 Order of Business. The order of business at all meetings of the members shall be as follows:

- (a) Roll Call;
- (b) Proof of Notice of Meeting or Waiver of Notice;
- (c) Reading of Minutes of Preceding Meeting;
- (d) Reports of Officers;
- (e) Report of Committees;
- (f) Election of Inspectors of Election;
- (g) Election of a Director;
- (h) Unfinished Business;
- (i) New Business.

All meetings of the members shall be governed by Roberts' Rules of Order except where such rules are inconsistent with the Declaration, Articles of Incorporation, or these By-Laws.

Section 7.11 Action Without Notice. Any action which may be taken at a meeting of members, except the election of directors where cumulative voting is a requirement, may be taken without a meeting if done in compliance with the provisions of §7513 of the California Corporations Code. The Board of Directors may take action without a meeting if all of its members consent in writing to the actions to be taken. If the Board resolves by unanimous written consent to take an action, an explanation of the action to be taken shall be given by the Board to the members of the Association within

three (3) days after all written consents have been obtained in the manner provided in Article VIII, Section 8.5 for the giving of notice of regular meeting of the Board.

ARTICLE VIII

BOARD OF DIRECTORS

Section 8.1 Number. The affairs of the Association shall be managed by a Board of five (5) directors who need not be members of the Association until conversion of Class B membership to Class A, after which time directors must be members of the Association.

Section 8.2 Term of Office. At the first annual meeting of members, three (3) directors shall be elected for a term of one (1) year and two (2) directors for a term of two (2) years. Thereafter, directors shall be elected at each annual meeting of members to fill the vacancies of those directors whose term then expires and the term of each such director so elected shall be two (2) years. If any annual meeting is not held or the directors are not elected thereat, the directors may be elected at any special meeting of members held for that purpose. All directors shall hold office until their successors are elected.

Section 8.3 Removal; Vacancies. Unless the entire Board is removed from office by the vote of Association members, an individual director shall not be removed prior to the expiration of his term of office if the number of votes cast against his removal would be sufficient to elect the director if voted cumulatively at an election at which the same total number of votes were cast and the entire Board was then being

elected. A director who is elected solely by the votes of members other than Declarant may be removed from office prior to the expiration of his term, only by the votes of a majority of members other than Declarant. In the event of death or resignation of a director, his successor shall be selected by a majority of the remaining members of the Board or by a sole remaining director, and shall serve for the unexpired term of his predecessor. The members may elect a director at any time to fill any vacancy not filled by the directors.

Section 8.4 Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 8.5 Action Taken Without Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors. In the event the directors, by the unanimous written consent take any action without a meeting, an explanation of the action taken shall be posted at a prominent place within the common area within three (3) days after the written consent of all directors has been obtained.

Section 8.6 Nomination. Nomination for election to the Board of Directors shall be by a Nominating Committee. Notice to the members of the meeting shall include the names of all those persons who are nominees at the time the notice is sent. Nominations may also be made from the floor at the annual

meeting. The Nominating Committee shall consist of a chairman, who shall be a member of the Board of Directors, and two (2) or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall, in its discretion determine, but not less than the number of vacancies that are to be filled. All candidates shall have reasonable opportunity to communicate their qualifications to members to solicit votes.

Section 8.7 Election. The first election of the Board shall be conducted at the first meeting of the Association. At such election the members or the proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of these By-Laws and the Declaration. The person receiving the largest number of votes shall be elected. Cumulative voting shall be utilized during all elections in which two (2) or more positions on the Board are to be filled; provided however 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 of 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. Voting for directors shall be by secret written ballot. So long as a majority of the voting power of the

Association resides in the Declarant, or so long as there are two (2) outstanding classes of membership in the Association, not less than twenty percent (20%) of the incumbents of the Board shall have been elected solely by the votes of the owners other than Declarant.

Section 8.8 Regular Meetings. Regular meetings of the Board of Directors shall be held monthly at such places within the Property and at such hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday, excluding Saturday and Sunday. Notice of the time and place of the meeting shall be posted at a prominent place within the Common Area and Recreation Area and a copy of said notice shall be mailed first class postage prepaid to each member of the governing Board at least ten (10) days prior to said meeting provided however, that notice of a meeting need not be given to any Board member who has signed a waiver of notice or a written consent to holding of the meeting.

Section 8.9 Special Meeting. Special meetings of the Board of Directors shall be held when called by written notice signed by the President of the Association, or by any two (2) directors other than the President. The notice shall specify the time and place of the meeting and the nature of the special business to be considered. The notice shall be sent to all directors and posted at a prominent place within the Common Area and Recreation Area not less than seventy-two (72) hours prior to the scheduled time of the meeting, however,

that notice of the meeting need not be given to any Board member who has signed a waiver of notice or a written consent to the holding of the meeting.

Section 8.10 Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act performed 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 Board.

Section 8.11 Open Meetings. All meetings of the Board shall be open to all members, but members other than directors may not participate in any discussion or deliberation unless expressly so authorized by a majority of a quorum of the Board.

Section 8.12 Executive Session. The Board may, with approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 8.13 Adjournment. A quorum of the directors may adjourn any directors' meeting to meet again at a stated time and hour; provided, however, that in the absence of a quorum, a majority of directors present at the directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 8.14 Waiver of Notice. The transactions of any

meeting of the Board, however called and noticed or wherever held, shall be as valid as though had at a meeting to be held after regular call and notice if a quorum be present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Nothing contained herein shall remove the obligation to post the notice of all directors' meetings on the Common Area.

Section 8.15 Entry of Notice. Whenever any director has been absent from any special meeting of the Board, an entry in the minutes to the effect that notice has been duly given shall constitute a rebuttable presumption that due notice of such special meeting was given to such director as required by law and these By-Laws.

Section 8.16. Notice of Adjournment. Notice of any adjournment of any directors' meeting, either regular or special, to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

ARTICLE IX

OFFICERS

Section 9.1 Officers. The officers of the Association shall be a president, vice president, a secretary and a chief financial officer. The Association may also have, at the discretion of the Board, one (1) or more assistant

secretaries, one (1) or more assistant chief financial officers and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article. Officers other than the president need not be directors. One (1) person may hold two (2) or more offices, except those of president and secretary.

Section 9.2 Election. The officers of the Association except such officers as may be appointed in accordance with the provisions of Section 3 or 5 of this Article VIII, shall be chosen annually by the Board, and each shall hold his office until he shall resign, or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

Section 9.3 Subordinate Officers. The Board may appoint such other officers as the business of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the By-Laws or as the Board may from time to time determine.

Section 9.4 Removal and Resignation. Any officer may be removed, either with or without cause, by a majority of the directors at the time in office, at any regular or special meeting of the Board or, except in case of an officer chosen by the Board, by any officer upon whom such power or removal may be conferred by the Board.

Section 9.5 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the By-Laws for regular appointments to such office.

Section 9.6 President. The president shall be the chief executive officer of the Association, and subject to the control of the Board, have general supervision, direction and control of the Business and officers of the Association. He shall preside at all meetings of the members and at all meetings of the Board. He shall be ex-officio a member of all standing committees, including the Executive Committee, if any, 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 or by the By-Laws. The president shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes of the Association.

Section 9.7 Vice President. In the absence or disability of the president, the vice president shall perform all the duties of the president, and when so acting shall have all powers of and be subject to all the restrictions upon the president. The vice president shall have such other powers and perform such other duties as from time to time may be prescribed for him by the Board or by the By-Laws.

Section 9.8 Secretary. The secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the Board may order of all meetings of directors and members, with the time and place of holding, whether regular or special and if special how authorized, the notice thereof given, the names of those present at the directors' meetings, the number of membership present or

represented at members' meetings and the proceedings thereof.

The Secretary shall give, or cause to be given, notice of all the meetings of the members and of the Board required by the By-Laws or by law to be given, and he shall keep other powers and perform such other duties as may be prescribed by the Board or the By-Laws.

Section 9.9 Chief Financial Officer. The chief financial officer shall keep and maintain, or cause or be kept or maintained, adequate and correct amounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital and surplus. The books of account shall at all times be open to inspection by any director.

The chief financial officer shall sign all checks and promissory notes of the Association and shall deposit all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. He shall disburse the funds of the Association as may be ordered by the Board, shall render to the president and directors, whenever they request it, an account of all of his transactions as chief financial officer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or these By-Laws.

Section 9.10 Compensation. No officer shall receive compensation for any service he may render to or on behalf of the Association; provided, however, that nothing contained herein shall be construed to preclude any officer of the

Association from serving the Association as agent, counsel or in any capacity other than as officer, and receiving compensation therefor, and it shall not be construed to preclude officers from being reimbursed for expenses incurred in the performance of their duties.

ARTICLE X

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 10.1 Powers. Subject to the terms and provisions of the Articles, the Declaration, or these By-Laws, and the laws of the State of California as to action required to be authorized or approved by the Members, and subject to the duties of directors as prescribed by these By-Laws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Association shall be controlled by, the Board. Without prejudice to such general powers, but subject to the matters set forth in the preceding sentence, the Board is vested with and shall have the following powers:

(a) To select, appoint and remove all officers, agents and employees of the Association, prescribe such powers and duties for them as may not be inconsistent with law, with the Articles, the Declaration, or these By-Laws, fix their compensation and, at the discretion of the directors, require from them security for faithful service.

(b) To adopt and publish Association Rules which may, among other matters, govern the use of the Recreation Area, Street Area and Common Area and facilities and improvements thereon or thereto, the personal conduct of the

Members and their guests and delegates thereon, and which rules may establish penalties for the infraction thereof.

(c) To conduct, manage, and control the affairs and business of the Association.

(d) To establish and change the principal office for the transaction of the business of the Association from one location to another within the Property or such other place which is as close thereto as possible for the holding of any Members' meeting or meetings.

(e) To adopt, make, and use a corporate seal and to alter the form of such seal from time to time as in their judgment they deem best; provided such seal shall at all times comply with the provisions of law.

(f) To borrow money and incur indebtedness for the purpose of the Association, and to cause to be executed and delivered, in the Association name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidence of debt and securities therefor.

(g) To maintain and otherwise manage, or cause to be managed, the Recreation Area, Common Area, Street Area and all facilities and improvements thereon and thereto, and all other property acquired by the Association, and to contract and pay for maintenance, gardening, utilities, materials and supplies and services relating to the Recreation Area, Common Area, Street Area and all facilities and/or improvements thereon and thereto, and to employ personnel reasonably necessary for the operation of the Association including

lawyers and accountants where appropriate.

(h) To maintain, or cause to be maintained, such Maintenance Areas as may be established from time to time as provided in the Declaration or in any Supplementary Declaration of Covenants, Conditions and Restrictions recorded in accordance with Article II of the Declaration.

(i) To pay taxes and special assessments which are or could become a lien on the Recreation Area, Common Area and/or Street Area or on any other property acquired by the Association, unless separately assessed to the Owners.

(j) Where appropriate, to pay for reconstruction of any portion or portions of the Recreation Area, Common Area and/or Street Area damaged or destroyed which are to be rebuilt.

(k) To grant easements where necessary for utilities and sewer facilities over the Recreation Area, Common Area and/or Street Area

(l) To exercise all other powers granted to the Board by the Declaration, the Articles or these By-Laws, or the laws of the State of California.

Section 10.2 Duties. It shall be the duty of the Board:

(a) To cause to be kept a complete record of all of its acts and corporate affairs.

(b) To supervise all officers, agents and employees of the Association, and to see that their duties are properly performed.

(c) As more fully provided in the Declaration,
to:

(1) Fix the amount of the Association
Regular Assessments against each Condominium Unit and Lot at
least sixty (60) days in advance of each Assessment Period;

(2) Fix the amount of the Condominium
Regular Assessments against each Condominium Unit at least
sixty (60) days in advance of each Assessment Period;

(3) Fix the amount of the Street Assessments
against each Lot at least sixty (60) days in advance of each
Assessment Period;

(4) Prepare a roster of the Condominium
Units and Lots within the Property and assessments applicable
thereto which shall be kept in the office of the Association
and shall be open to inspection by any Owner during normal
business hours; and

(5) Send written notice of each Assessment
to every Owner subject thereto not less than sixty (60) days
in advance of each annual Assessment Period.

(d) To issue, or to cause an appropriate officer
to issue, upon demand by any Owner, a certificate setting
forth whether or not said Assessments or any portion thereof
have been paid. A reasonable charge may be made by the Board
for the issuance of such certificates. If a certificate
states that said Assessments or any portion thereof have been
paid, such certificate shall be conclusive evidence of such
payment.

(e) To contract and pay premiums for fire, casualty, liability and other insurance, including indemnity and other bonds.

(f) To cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

(g) Subject to the terms and provisions of the Declaration, to cause the Recreation Area, Common Area, Street Area and all facilities and improvements thereon and thereto and all other property of the Association to be maintained and managed.

(h) To cause to be maintained such Maintenance Areas as may be established from time to time as provided in the Declaration or in any Supplementary Declaration of Covenants, Conditions and Restrictions recorded in accordance with Article II of the Declaration.

ARTICLE XI

COMMITTEES

Section 11.1 Committees of Directors. The Board may, by resolution adopted by a majority of the authorized number of directors, designate one or more committees, each consisting of two or more directors, to serve at the pleasure of the Board. The Board may designate one or more directors as alternate members of any committee, who may replace any absent member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the Board, may have all the authority of the Board, except with respect to:

(a) The approval of any action which, under the California Nonprofit Mutual Benefit Corporation Law, also requires Members' approval;

(b) The filling of vacancies on the Board or in any committee which has the authority of the Board;

(c) The fixing of compensation of the directors for serving on the Board or on any committee;

(d) The amendment or repeal of bylaws or the adoption of new bylaws;

(e) The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable;

(f) The appointment of any other committee of the Board or the members thereof.

(g) The expenditure of corporate funds to support a nominee for directors after there are more people nominated for director than can be elected.

Section 11.2 Meetings and Action. Meetings and action of committees shall be governed by, and held and taken in accordance with, the provisions of Sections 8.8 (regular meetings), 8.9 (special meetings), 8.13 (adjournment), 8.14 (waiver of notice and consent), 8.10 (quorum), 8.5 (action without meeting), and 8.11 & 8.12 (open meetings), with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the Board, except that the time of regular meetings of committees may be determined by resolution of the Board as well as the committee; special meetings of committees may also be called

by resolution of the Board; and notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The Board may adopt rules for the government of any committee not inconsistent with the provisions of these By-Laws.

Section 11.3 Committees. Committees designated by the Board may include:

(a) A Recreational Committee which shall advise the Board of all matters pertaining to the recreational program and activities of the Association and shall perform such other functions as the Board in its discretion determines;

(b) A Maintenance Committee which shall advise the Board on all matters pertaining to the maintenance, repair or improvement of the Recreation Area, Common Area and Street Area within the Property and shall perform such other functions as the Board in its discretion determines;

(c) A Publicity Committee which shall inform the Members of all activities and functions of the Association, and shall, after consulting with the Board, make such public releases and announcements as are in the best interest of the Association.

Section 11.4 Complaints. It shall be the duty of each committee to receive complaints from Members on any matter involving Association functions and duties within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned

with the matters presented.

ARTICLE XII

RECORDS AND REPORTS

Section 12.1 Inspection of Association Records. The membership records referred to in Section 9.8, books and records of account and minutes of meetings of the Members, of the Board and of any committees of the Board shall be made available for inspection and copying by any Member, or by the duly appointed representative of such Member, at any reasonable time and for a purpose reasonably related to the interest of such Member as a Member of the Association, at the principal office of the Association or at such place within the Property as the Board shall, from time to time, prescribe. The Board shall establish reasonable rules with respect to: (a) notice to be given to the custodian of the records of the Association or of the Board by the Member desiring to make inspection of such records, (b) the hours and days of the week when such an inspection may be made, and (c) payment of the cost of reproducing copies of documents requested by a Member, pursuant to Section 8330 of the Code or otherwise. Every Director shall have the absolute right at any reasonable time to inspect and make extracts and copies of all books, records and documents of the Association and to inspect physical properties owned or controlled by the Association.

Section 12.2 Budgets and Financial Statements. The Board shall prepare, or cause to be prepared, financial statements for the Association. Such financial statements shall be regularly prepared and copies shall be distributed to

each Member as follows:

(a) A pro forma operating statement (budget) for each fiscal year shall be distributed not less than sixty (60) days before the beginning of the fiscal year.

(b) A balance sheet, as of an accounting date which is the last day of the month closest in time to six (6) months from the date of closing of the first sale of a Condominium Unit or Lot, and an operating statement for the period from the date of the first closing to such accounting date, shall be distributed within sixty (60) days after such accounting date. This operating statement shall include a schedule of Assessments received and receivable identified by the Unit number of the Condominium Unit and the street address of the Lot subject to each Assessment and the name of the Owner of such Condominium Unit or Lot.

(c) An annual report consisting of the following shall be distributed within one-hundred twenty (120) days after the close of the Association's fiscal year:

(i) A balance sheet as of the last day of that fiscal year;

(ii) An operating (income) statement for that fiscal year;

(iii) A statement of changes in financial position for that fiscal year; and

(iv) Any information required to be reported under Section 8322 of the Code or otherwise required by law.

(d) An external audit by an independent public accountant shall be required for fiscal year financial

statements (other than budgets) for any fiscal year in which the gross income of the Association exceeds \$75,000.00.

Section 12.3 Maintenance and Inspection of Articles and By-Laws. The Association shall keep at its principal office for the transaction of business, the original or a copy of its Articles and By-Laws as amended to date, which shall be open to inspection by the Members at all reasonable times during office hours.

ARTICLE XIII

INDEMNIFICATION OF AGENTS

Section 13.1 Indemnification. The Association may, to the maximum extent permitted by the California Nonprofit Mutual Benefit Corporation Law, indemnify each of its agents against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact that any such person is or was an agent of the Association. For purposes of this Article, an "agent" of the Association includes any person who is or was a director, officer, employee or other agent of the corporation, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or was a director, officer, employee or other agent of a corporation which was a predecessor corporation of the Association or of another enterprise at the request of such predecessor corporation.

Section 13.2 Advance of Expenses. Expenses incurred in defending any proceeding may be advanced by the Association

prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Article.

Section 13.3 Other Contractual Rights. Nothing contained in this Article shall affect any right to indemnification to which persons other than directors and officers of the Association or any subsidiary thereof may be entitled by contract or otherwise.

Section 13.4 Insurance. Upon and in the event of a determination by the Board to purchase such insurance, the Association shall purchase and maintain insurance on behalf of any agent of the Association against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not the Association would have the power to indemnify the agent against such liability.

ARTICLE XIV

GENERAL PROVISIONS

See FIRST AMENDMENT

Section 14.1 Amendments. Prior to the close of escrow on the sale of the first unit, Declarant may amend these By-Laws with the consent of the Department of Real Estate. After sale of the first unit, these By-Laws may be amended only by the affirmative vote (in person or by proxy) or written consent of members representing a majority of a quorum of the Association which shall include a majority of the votes or written consent of members other than the Declarant or where the two class voting structure is still in effect, shall

include a majority of the votes or written consent of members other than the Declarant or where the two class voting structure is still in effect, shall include a majority of each classification of members. However the percentage of voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. Where such entity has jurisdiction the Federal Housing Administration or Veterans Administration shall have the right to veto amendments while Class B membership exists.

Section 14.2 Severability. In case any of these By-Laws conflict with any provisions of the laws of the State of California, such conflicting By-Laws shall be null and void upon final court determination to such effect, but all other By-Laws shall remain in full force and effect.

In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control, in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control. In case any of these By-Laws conflict with the provisions of the California Condominium Act, the provisions of said statute shall control.

Section 14.3 Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the thirty-first day of December of each year, except that the first fiscal year shall begin on the date of incorporation.

Section 14.4 Checks, Drafts, Etc. 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 Association, shall be signed or endorsed by such person or persons and in such manner as from time to time shall be determined by resolution of the Board.

Section 14.5 Contracts, Etc., How Executed. The Board, except as otherwise provided in these By-Laws, 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 Association, and such authority may be general or confined to specific instances; and unless so authorized or ratified by the Board, or within the agency power of an officer, no officer, agent, or employee shall have any power or authority to bind the Association by any ontract or engagement or to pledge its credit or to render it liable for any purpose or in any manner.

Section 14.6 Construction and Definitions. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Mutual Benefit Corporation Law shall govern the construction of these By-Laws. Without limiting the generality of the foregoing, the singular number includes the plural, the plural number includes the singular, the masculine, feminine and neuter genders include the other or others and the term "person" includes both a corporation and a natural person. All references in these By-Laws to the California Nonprofit Mutual Benefit Corporation Law or to sections of the Code shall be deemed to be to such Law or sections as they may be amended and in effect and, if renumbered, to such renumbered

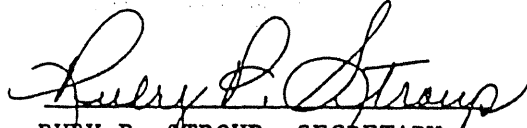
provisions at the time of any action taken under the By-Laws.

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of the SEAGATE VILLAGE COMMUNITY ASSOCIATION, a California Nonprofit Mutual Benefit Corporation; and

2. That the foregoing By-Laws, comprising 40 pages, constitute the By-Laws of said corporation duly adopted at the meeting of the Board of Directors thereof duly held on 28 September 1982.

IN WITNESS WHEREOF, I hereunto subscribe my name this day of September 28, 1982.


RUBY P. STROUP, SECRETARY

FIRST AMENDMENT OF BY-LAWS OF
SEAGATE VILLAGE COMMUNITY ASSOCIATION

The By-Laws of Seagate Village Community Association, a California Mutual Benefit Nonprofit Corporation, are hereby amended as follows:

1. Section 4.5 is hereby amended and revised to provide that the reference to the common area in said section is deleted and replaced with the "Recreation Area."

2. Section 5.4(ii) is hereby revoked and replaced with the following:

(ii) The provisions of subparagraph (i) do not apply to the charges imposed against an owner consisting of interest on unpaid assessments and/or charges to reimburse the Association for the loss of interest and costs reasonably incurred, including attorney fees, in its efforts to collect delinquent assessments.

3. Section 12.2(d) is hereby amended and supplemented by the addition of the following sentence: The annual report referred in subsection (c) shall be prepared by an independent public accountant for each fiscal year.

4. Section 14.1 is hereby revoked and replaced with the following:

Section 14.1 Amendments. Prior to the close of escrow on a sale of the first unit, Declarant may amend these By-Laws with the consent of the Department of Real Estate and the Veterans Administration. During the period of time prior to conversion of Class B membership and the Association to Class A membership, new By-Laws may be adopted or these By-Laws may be amended by the vote of a majority of the voting power of each class of members. After conversion of Class B membership to Class A membership, these By-Laws may be amended by a vote of (i) a majority of the voting power of the Association, and (ii) at least a majority of the voting power other than the Declarant. However, the percentage of voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage or affirmative votes required for action to be taken under that clause. Where such entity has jurisdiction, the Federal Housing Administration or Veterans Administration shall have the right to veto amendments where Class B membership exists.

5. Section 14.4 is hereby revoked and replaced with the following:

Section 14.4 Checks, Draft, Etc. 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 Association shall be signed by the President and Chief Financial

Officer of the Association.

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of the Seagate Village Community Association, a California Nonprofit Mutual Benefit Corporation; and

2. That the foregoing amendment to the By-Laws, comprising three pages, constitute the amendments to the By-Laws of said corporation which were duly adopted at a meeting of the Board of Directors and the members thereof held on

June 9, 1983.

IN WITNESS WHEREOF, I hereunto subscribe my name this 9th day of June, 1983.



FIRST AMENDMENT OF BY-LAWS OF
SEAGATE VILLAGE COMMUNITY ASSOCIATION

The By-Laws of Seagate Village Community Association, a California Mutual Benefit Nonprofit Corporation, are hereby amended as follows:

1. Section 4.5 is hereby amended and revised to provide that the reference to the common area in said section is deleted and replaced with the "Recreation Area."

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(ii) The provisions of subparagraph (i) do not apply to the charges imposed against an owner consisting of interest on unpaid assessments and/or charges to reimburse the Association for the loss of interest and costs reasonably incurred, including attorney fees, in its efforts to collect delinquent assessments.

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I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of the Seagate Village Community Association, a California Nonprofit Mutual Benefit Corporation; and

2. That the foregoing amendment to the By-Laws, comprising three pages, constitute the amendments to the By-Laws of said corporation which were duly adopted at a meeting of the Board of Directors and the members thereof held on _____, 1983.

IN WITNESS WHEREOF, I hereunto subscribe my name
this _____ day of _____, 1983.
