

ARTICLE V.

HOMEOWNERS' ASSOCIATION

Section 5.1 Organization.

(a) The Association shall be a California nonprofit mutual benefit corporation charged with the duties and invested with the powers prescribed by law and set forth in the Restrictions. Neither the Articles nor Bylaws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

(b) Nothing in this Declaration shall prevent the creation, by provision therefor in Supplemental Declarations, of additional or subsidiary associations to levy assessments, regulate, maintain, administer and/or manage the portions of the Property, if any, which are subject to such Supplemental Declarations, or to own or control portions therefor for the common use or benefit of the Owners of Lots in any portion of the Property subject to such Supplemental Declarations.

Section 5.2 Membership. Every Owner of a Lot (including Declarant) which is subject to assessment shall, by virtue of being such an Owner and for so long as he is such an Owner, be deemed automatically a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment. Membership shall be in accordance with the Articles and Bylaws of the Association.

Section 5.3 Transfer of Membership. The Association membership of each Owner (including Declarant) shall not be transferred, pledged or alienated in any way, except upon sale or conveyance of such Lot, and then only to the purchaser or transferee thereof. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association. Any transfer of title to a Lot shall operate automatically to transfer said membership to the new Owner thereof.

Section 5.4 Joint Owner Disputes. The vote of each Lot shall be cast as a unit, if cast at all; fractional votes shall not be allowed. In the event the joint Owners of a Lot are unable to agree among themselves as to how their vote shall be cast, they shall lose their right to vote on the matter in question. If any joint Owner casts a vote representing a certain Lot, it will thereafter be conclusively presumed for all purposes that he was acting with the authority and consent of all other joint Owners of the same Lot.

Section 5.5 Membership Classes and Voting Rights. The Association shall have two (2) classes of voting membership as follows:

(a) Class A. Class A Members shall originally be all Owners with the exception of Declarant for so long as there exists a Class B membership. Declarant shall become a Class A Member with respect to Lots owned by Declarant upon conversion of Declarant's Class B membership as provided below. Each Lot shall be entitled to one (1) vote. When more than one person holds an ownership interest in any Lot, all such persons shall be Members of the Association, but in no event shall more than one (1) vote be cast with respect to any one (1) Lot.

(b) Class B. The Class B Member shall be Declarant and shall be entitled to vote as follows: Voting shall be the same as for Class A memberships except that the Class B Member may triple its votes for each Lot owned. The Class B membership shall cease and be irreversibly converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

(i) Upon the second (2nd) anniversary of the original issuance of the most recently issued final subdivision public report for a phase of the development of the Property; or

(ii) Upon the fourth (4th) anniversary of the original issuance of the final subdivision public report for the project covering the Original Property.

(c) Voting rights shall vest with respect to each Lot within the Original Property upon recordation of a grant deed conveying the first Lot within the Original Property, and with respect to each Lot located within a later annexed phase of the project upon recordation of a grant deed conveying the first Lot located within such later annexed phase.

Section 5.6 Voting Requirements When There Are Two Outstanding Classes of Membership. With the exception of Section 11.8 hereof, in any provision in this Declaration or in any of the other Restrictions calling for approval of actions to be taken by the Association by a prescribed majority of the votes of Members other than Declarant, the required vote shall be as follows:

(a) At any time when there are both Class A and Class B Members, the required vote shall be the vote or written assent of a bare majority of the Class B voting power and the vote or written assent of the prescribed majority of the Class A voting power.

(b) After the conversion of Class B to Class A memberships, the required vote shall be 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 total voting power of Members other than Declarant.

Section 5.7 Membership Meetings.

(a) A regular meeting of the Association shall be held at least once each calendar year at the time and place as indicated in the Bylaws. The first meeting of the Association, whether a regular or a special meeting, shall be held no later than six (6) months after the recordation of the grant deed for the conveyance of the first Lot within the Property.

(b) The Association shall conduct meetings of the Association members in accordance with a recognized system of parliamentary procedure and shall be held within the subdivision or at a meeting place as close thereto as possible. If unusual conditions exist, however, a Member's meeting may be held outside the county where the subdivision is situated.

(c) The governing body shall promptly schedule a special meeting of the Members of the Association in response to: (i) the vote of the governing body; or (ii) written request for a special meeting signed by Members representing at least five percent (5%) of the total voting power of the Association.

(d) Written notice of a regular or special meeting shall be given to the Members by the governing body by any means which is appropriate. This notice shall be given at least ten (10) days nor more than ninety (90) days before the date of any meeting at which members are required or permitted to take action. The notice shall specify the place, day, and hour of the meeting and matters the governing body intends to present for action by the Members. Except as provided by law, any proper matter may be presented at a meeting for action.

Section 5.8 Membership Records and Open Meeting Requirements.

(a) The membership register, including mailing addresses and telephone numbers of the Members, books of account and minutes of meetings of the Members of the Association, the Architectural Committee, and of other committees of the Association, shall be made available for inspection and copying by any Member of the Association or by such Member's representative at any reasonable time and for a purpose reasonably related to such Member's interest as a Member, at the office of the Association or at such other place within the Property as the Board shall prescribe.

(b) Any Member of the Association may attend meetings of the Board of Directors of the Association, except when the Board adjourns to executive session to consider litigation,

matters relating to the formation of contracts with third parties, member discipline, or personnel matters. The Board shall meet in executive session, if requested by a Member who may be subject to a fine, penalty, or other form of discipline, and the Member shall be entitled to attend the executive session.

(c) Any matter discussed in executive session shall be generally noted in the minutes of the Board.

(d) The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the Board of Directors of the Association, other than an executive session, shall be available to Members within thirty (30) days of the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any Member of the Association upon request and upon reimbursement of the Association's costs for making that distribution.

(e) Members of the Association shall be notified in writing at the time that the proforma budget required under Section 8.3 hereof is distributed, or at the time of any general mailing to the entire Membership of the Association, of their right to have copies of the minutes of meetings of the Board of Directors, and how and where those minutes may be obtained.

(f) As used in this Section 5.8, "meeting" includes any congregation of a majority of the members of the Board at the same time and place to hear, discuss, or deliberate upon any item of business scheduled to be heard by the Board, except those matters that may be discussed in executive session.

(g) Unless the time and place of meeting is fixed by the Bylaws, or unless the Bylaws provide for a longer period of notice, Members shall be given notice of the time and place of a meeting as defined in Section 5.8(f) above, except for an emergency meeting, at least four (4) days prior to the meeting. Notice may be given by posting the notice in a prominent place or places within the Property, by mail or delivery of the notice to each Lot in the Property, or by newsletter or similar means of communication.

(h) An emergency meeting of the Board may be called by the President of the Association, or by any two members of the Board other than the President, if there are circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board, and which of necessity make it impracticable to provide notice as required by this Section 5.8.