

**BY-LAWS**

for

**SANTORINI WEST CONDOMINIUM ASSOCIATION**



TABLE OF CONTENTS

PAGE

ARTICLE 1 - <u>PLAN OF OWNERSHIP</u> .....	1
1.1 Name .....	1
1.2 By-Laws Applicability .....	1
1.3 Personal Application .....	1
ARTICLE 2 - <u>DEFINITIONS</u> .....	1
2.1 Architectural Control Committee .....	1
2.2 Articles .....	1
2.3 Association .....	1
2.4 Board .....	1
2.5 By-Laws .....	2
2.6 Common Area .....	2
2.7 Declaration .....	2
2.8 Declarant .....	2
2.9 FHLMC .....	2
2.10 First Mortgage .....	2
2.11 FNMA .....	2
2.12 Lender .....	2
2.13 Member .....	2
2.14 Mortgage .....	2
2.15 Mortgagee .....	2
2.16 Mortgagor .....	2
2.17 Owner .....	2
2.18 Project .....	2
2.19 Unit .....	2
ARTICLE 3 - <u>MEETINGS OF MEMBERS</u> .....	3
3.1 Annual Meetings .....	3
3.2 Special Meetings .....	3
3.3 Notice of Meetings .....	3
3.4 Quorum .....	3
3.5 Proxies .....	3
3.6 Action Without a Meeting .....	4
ARTICLE 4 - <u>BOARD OF DIRECTORS</u> .....	4
4.1 Number .....	4
4.2 Term .....	4
4.3 Removal .....	4
4.4 Vacancies .....	4
ARTICLE 5 - <u>NOMINATION AND ELECTION OF DIRECTORS</u> .....	4

5.1	Nomination .....	4
5.2	Election .....	5
5.3	Special Procedure for Election of Directors .....	5
<b>ARTICLE 6 - <u>MEETINGS OF BOARD OF DIRECTORS</u> .....</b>		<b>5</b>
6.1	Regular Meetings .....	5
6.2	Special Meetings .....	6
6.3	Quorum .....	6
6.4	Notice of Meetings .....	6
6.5	Notice of Meeting to Directors .....	6
6.6	Open Meetings .....	6
6.7	Action Without a Meeting .....	6
<b>ARTICLE 7 - <u>POWERS, DUTIES AND LIMITATIONS OF THE BOARD OF DIRECTORS</u> .....</b>		<b>6</b>
7.1	Powers and Duties .....	6
7.1.1	Enforcement .....	6
7.1.2	Taxes and Assessments .....	7
7.1.3	Insurance .....	7
7.1.4	Payment from Project Funds .....	7
7.1.5	Delegation of Powers .....	7
7.1.6	Budgets and Financial Statements .....	7
7.1.7	Rules .....	7
7.1.8	Discipline .....	7
7.1.9	Entry by Board .....	7
7.1.10	Election .....	7
7.1.11	Vacancies .....	7
7.1.12	Architectural Control Committee .....	7
7.2	Limitations .....	7
7.2.1	Contracts .....	7
7.2.2	Capital Improvements .....	8
7.2.3	Sale of Property .....	8
7.2.4	Compensation .....	8
7.2.5	Vacancies .....	8
<b>ARTICLE 8 - <u>OFFICERS AND THEIR DUTIES</u> .....</b>		<b>8</b>
8.1	Enumeration of Officers .....	8
8.2	Election of Officers .....	8
8.3	Term .....	8
8.4	Special Appointments .....	8
8.5	Resignation and Removal .....	9
8.6	Vacancies .....	9
8.7	Multiple Offices .....	9
8.8	Duties .....	9
<b>ARTICLE 9 - <u>ASSESSMENTS</u> .....</b>		<b>9</b>

ARTICLE 10 - <u>BOOKS AND RECORDS</u> .....	10
10.1 Member's Right of Inspection .....	10
10.2 Director's Right of Inspection .....	10
10.3 Furnishing Documents .....	10
10.4 Costs .....	11
ARTICLE 11 - <u>BUDGET AND FINANCIAL STATEMENTS</u> .....	11
ARTICLE 12 - <u>FINANCIAL REVIEW AND RESERVES</u> .....	12
12.1 Financial Review .....	12
12.2 Reserves .....	12
ARTICLE 13 - <u>ARCHITECTURAL CONTROL COMMITTEE</u> .....	13
ARTICLE 14 - <u>CONFLICT OF INTEREST AND LIMITATIONS</u> <u>OF DIRECTORS AND MEMBERS</u> .....	13
ARTICLE 15 - <u>AMENDMENTS</u> .....	13
15.1 Vote Required .....	13
15.2 Conflict Between Documents .....	14
ARTICLE 16 - <u>MISCELLANEOUS</u> .....	14

**BY-LAWS**

for

**SANTORINI WEST CONDOMINIUM ASSOCIATION**

**ARTICLE 1**

**PLAN OF OWNERSHIP**

1.1 **Name.** The name of the corporation is **SANTORINI WEST CONDOMINIUM ASSOCIATION** ("Association"). The principal office of the Association shall be located in the County of San Diego, State of California.

1.2 **By-Laws Applicability.** The provisions of these By-Laws are applicable to the Project. (The term "Project" as used herein shall include the land and all structures and improvements thereon).

1.3 **Personal Application.** All present or future owners, lessees, tenants, or their employees, or any other person that might use the facilities of the Project in any manner are subject to the regulations set forth in these By-Laws and to the recorded Declaration of Covenants, Conditions and Restrictions ("Declaration").

The mere acquisition or rental of any of the Units in the Project or the mere act of occupancy of any of the Units will signify that these By-Laws are accepted, ratified, and will be complied with.

**ARTICLE 2**

**DEFINITIONS**

Unless otherwise expressly provided, the following words and phrases when used in these By-Laws shall have the meanings hereinafter specified.

2.1 **Architectural Control Committee** shall mean the Committee established pursuant to the Declaration for the purposes of approval and control of architecture and design standards established for the Project.

2.2 **Articles** shall mean and refer to the Articles of Incorporation of the Association and as they may, from time to time, be amended.

2.3 **Association** shall mean **SANTORINI WEST CONDOMINIUM ASSOCIATION**, a non-profit mutual benefit corporation, incorporated under the Non-Profit Mutual Benefit Corporation laws of the State of California, its successors and assigns.

2.4 **Board** shall mean the Board of Directors of the Association.

2.5 **By-Laws** shall mean these By-Laws, and as they may, from time to time, be amended.

2.6 **Common Area** shall mean all the real property in the Project defined as Common Area pursuant to the Declaration.

2.7 **Declaration** shall mean the Declaration of Covenants, Conditions and Restrictions, and as they may from time to time be amended, applicable to the Project, recorded in the Office of the County Recorder of San Diego County, State of California.

2.8 **Declarant** shall mean **SANTORINI WEST LIMITED PARTNERSHIP**, a California limited partnership, its successors and assigns, if such successors or assigns should acquire more than one (1) undeveloped unit in the real property from the Declarant for the purpose of development.

2.9 **FHLMC** shall mean Federal Home Loan Mortgage Corporation.

2.10 **First Mortgage** shall mean a First Deed of Trust as well as a First Mortgage.

2.11 **FNMA** shall mean Federal National Mortgage Association.

2.12 **Lender** shall mean every person, firm, corporation, government agency, or financial institution who is the Mortgagee of a Mortgage or beneficiary of a Deed of Trust encumbering a Unit or the Common Area in the Project.

2.13 **Member** shall mean those persons entitled to membership as provided in the Declaration.

2.14 **Mortgage** shall mean the conveyance of a Unit or other portion of the Project to secure the performance of an obligation, which conveyance shall be void upon full performance of the obligations secured. The term 'Mortgage' when used herein shall be synonymous with the term "Trust Deed" or "Deed of Trust".

2.15 **Mortgagee** shall mean a beneficiary under or holder of a Deed of Trust as well as a Mortgage.

2.16 **Mortgagor** shall mean the Trustor of a Deed of Trust as well as a Mortgage.

2.17 **Owner** shall mean the record owner, whether one (1) or more persons or entities, including Declarant, of the fee simple title or long-term leasehold interest of record to any Unit which is a part of the Project, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

2.18 **Project** shall mean that certain property described in the Declaration, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

2.19 **Unit** shall mean the elements of a condominium which are not owned in common with the Owners of other condominiums in the Project.

## ARTICLE 3

### MEETINGS OF MEMBERS

**3.1 Annual Meetings.** The first meeting of the Association shall be held within forty-five (45) days after the close of escrows for the sale of fifty-one percent (51%) of the Units in the Project, but in any event not later than six (6) months after the close of escrow for the sale of the first Unit in the Project. Subsequent annual meetings shall be held yearly thereafter on the anniversary of the first annual meeting or at such other reasonable date within thirty (30) days thereof as may be determined by the Board. Annual meetings and special meetings shall be held at 7:00 p.m., or such other time as the Board shall determine is reasonable at the Project, or as close thereto as possible; provided that unless unusual conditions exist, meetings shall not be held outside the County of San Diego.

**3.2 Special Meetings.** Special meetings of the Members shall be called promptly by the Board upon a vote by a majority of a quorum of the Board or upon receipt of a written request therefor signed by Members representing not less than five percent (5%) of the voting power of the Association.

**3.3 Notice of Meetings.** Written notice of each annual and special meeting of the Members shall be given by, or at the direction of, the Board or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, not less than ten (10) nor more than ninety (90) days before such meeting to each member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. 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 in specific terms, and the nature of the business to be undertaken. In cases where the Board finds an emergency exists, notice provided for herein may be reduced to not less than five (5) days.

**3.4 Quorum.** The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, fifty-one percent (51%) of the voting power shall constitute a quorum for any action except as otherwise provided in the Articles, Declaration or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members present, either in person or by proxy, shall have the power to adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be twenty-five percent (25%). 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 the adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings.

**3.5 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. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Unit. The form of proxy or written ballot distributed by any person to the Membership of the Association shall provide a choice between approval and disapproval of each matter or group of matters to be acted upon except it shall not be mandatory that a candidate for election to the



governing body be named in the proxy or written ballot. The proxy or written ballot shall provide that, where the Member specifies a choice, the vote shall be cast in accordance with that choice. The proxy shall also identify the person or persons authorized to exercise the proxy and the length of time it will be valid.

3.6 **Action Without a Meeting.** Any action which may be taken by the vote of Members at a regular or special meeting, 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 Section 7513 of the Corporations Code.

## ARTICLE 4

### BOARD OF DIRECTORS

4.1 **Number.** The affairs of this Association shall be managed by a Board of three (3) Directors who need not be Members of the Association.

4.2 **Term.** At the first meeting of the Members following the adoption thereof, the Members shall elect three (3) Directors, and at each annual meeting thereafter, the Members shall elect Directors to replace the Directors whose term has expired. Directors shall serve for a term of one (1) year.

4.3 **Removal.** Any Director may be removed at any meeting of the Members. All Directors, unless removed, shall hold office until their respective successors are elected. On any vote for the removal of more than one [1] Director, Members shall be entitled to cumulate their votes; that is, all or any part of the total number of votes that each Member has (based upon one [1] vote per Member for each Director to be removed), may be cast for the election of or removal of any one [1] Director. Unless the entire Board is removed, 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 sufficient to elect the Director if voted cumulatively at an election at which time the same total number of votes were cast and the entire number of Directors authorized at the time of the most recent election of the Directors were then being elected. A Director elected under Article 5.3 [Special Procedure for Election of Directors] shall be removed only by the vote of at least a simple majority of the total voting power of the Association, excluding those votes held or controlled by the Declarant.

4.4 **Vacancies.** In the event of death or resignation of a Director, the successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of the predecessor. In the event of a vacancy created by the removal of a Director, a successor Director shall be elected by the Members as provided in Article 5 [Nomination and Election of Directors] to serve for the unexpired term of the Director(s) so removed. The election shall be held at the same time as the Members act upon the question of removal.

## ARTICLE 5

### NOMINATION AND ELECTION OF DIRECTORS

5.1 **Nomination.** Nomination for election to the Board shall be made by a nominating committee. 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, and two [2] or more Members. The nominating committee shall be appointed by the Board prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The nominating committee shall make as many nominations for election to the Board as it shall, in its discretion, determine but not less than the amount of vacancies that are to be filled. Such nominations may be made from among Members or non-members.

**5.2 Election.** Election of the Board shall be by secret written ballot. Each Member or their proxy shall be entitled to cast for each Director to be elected the number of votes applicable to the class of membership he holds; provided that in all elections for Directors where two [2] or more positions on the Board are to be filled, Members shall be entitled to cumulate votes as follows:

(a) If cumulative voting is applicable as provided herein, a Member or his proxy may cumulate his votes by casting for a candidate the 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 to as many candidates as the Member thinks fit;

(b) No Member shall be entitled to cumulate votes for a candidate unless such candidate's name has been placed in nomination prior to the voting and the Member or his proxy has given notice at the meeting prior to the voting of the Member's intention to cumulate votes. If any one [1] Member has given such notice, all Members shall cumulate their votes for candidates in nomination;

(c) In any election of Directors, the candidates receiving the highest number of votes are elected.

**5.3 Special Procedure for Election of Directors.** Notwithstanding anything to the contrary herein contained, so long as any Class B votes are cast at any election of Directors, or for so long as the Declarant holds a majority of the voting power of the Association, at least twenty percent (20%) of the incumbents on the Board shall have been elected in accordance with the following procedure. If at any election of Directors the votes cast by all Members other than votes cast by Declarant are insufficient when cumulated in favor of nominees to elect twenty percent (20%) of the incumbents of the Board, then the nominees sufficient in number to constitute twenty percent (20%) of the incumbents on the Board receiving the highest number of votes, excluding any votes of the Declarant, shall elect at least twenty percent (20%) of the Directors to the Board.

## ARTICLE 6

### MEETINGS OF BOARD OF DIRECTORS

**6.1 Regular Meetings.** Regular meetings of the Board shall be held monthly at such date, time and place within the Project 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. Meetings shall ordinarily be held within the Project unless in the judgment of the governing body a larger meeting room is

required than exist within the Project, in which case the meeting room selected shall be as close as possible to the Project.

**6.2 Special Meetings.** Special meetings of the Board shall be held when called by the President, or by any two [2] Directors, after not less than three [3] days' notice to each Director.

**6.3 Quorum.** A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or 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.

**6.4 Notice of Meetings.** Notice of meetings of the Board shall be posted in at least two [2] prominent places in the Common Area at least four [4] days prior to the meeting in the case of regular meetings and three [3] days in the case of special meetings. The notice shall specify the time and place of the meeting; whether the meeting is regular or special and, in the case of a special meeting, the nature of any special business to be transacted.

**6.5 Notice of Meeting to Directors.** The notice required by this Article 6.5 shall, in the case of regular meetings, be communicated to all Directors not less than four [4] days prior to the meeting and, in the case of a special meeting, not less than seventy-two [72] hours prior to the scheduled time of the meeting, provided that in the case of regular meetings or special meetings the notice of the meeting provided herein need not be given to any Director who signs or has signed a waiver of notice or a written consent to the holding of the meeting.

**6.6 Open Meetings.** All meetings of the Board shall be open to Members; provided, however, no Member who is not a Director may participate in any discussion or deliberation unless authorized by a vote of a majority of a quorum of the Board. Nothing herein shall prohibit the Board from adjourning to closed meeting (executive session) when such executive session has been approved by a majority of a quorum of the Board to discuss and vote upon personnel matters and litigation in which the Association is or may become involved. The nature of any and all business to be considered in executive session shall be announced in open session.

**6.7 Action Without a Meeting.** The Board may take action without a meeting if all Directors consent in writing to the action to be taken.

If the Board resolves by unanimous written consent to take action, an explanation of the action taken shall be posted in at least two [2] prominent places within the Common Area within three [3] days after the written consent of all Directors have been obtained.

## ARTICLE 7

### POWERS, DUTIES AND LIMITATIONS OF THE BOARD OF DIRECTORS

**7.1 Powers and Duties.** The powers and duties of the Board shall include, but shall not be limited to, the following:

**7.1.1 Enforcement.** Enforcement of applicable provisions of the Declaration, Articles, By-Laws and other instruments for the ownership, management and control of the Project.

**7.1.2 Taxes and Assessments.** Payment of taxes and assessments which are, or could become, a lien on the Common Area or a portion thereof.

**7.1.3 Insurance.** Contracting for casualty, liability and other insurance on behalf of the Association.

**7.1.4 Payment from Project Funds.** Provide and pay for from the maintenance fund any and all goods and/or services for the Common Area, facilities and interests or for the Association to fulfill any duty or responsibility of the Association imposed by the Declaration, or for the benefit of the Owners, or as may be imposed by law, subject to the limitations set forth below.

**7.1.5 Delegation of Powers.** Delegation of its powers to committees, officers or employees of the Association as expressly authorized by the Articles, By-Laws and Declaration.

**7.1.6 Budgets and Financial Statements.** Preparation of budgets and financial statements for the Association as prescribed in these By-Laws.

**7.1.7 Rules.** Formulation of rules for the operation of the Project and Common Area and facilities owned or controlled by the Association.

**7.1.8 Discipline.** Initiation and execution of disciplinary proceedings against Members for violations of provisions of these By-Laws and the Declaration in accordance with procedures set forth in said documents.

**7.1.9 Entry by Board.** Entering upon any Unit for the performance of maintenance as required by the Declaration, or as necessary in connection with construction, maintenance or emergency repair for the benefit of the Common Area or the Owners in common.

**7.1.10 Election.** Election of officers of the Association.

**7.1.11 Vacancies.** Filling of vacancies on the Board except for a vacancy created by the removal of a Director.

**7.1.12 Architectural Control Committee.** Appoint Members of the Architectural Control Committee.

**7.2 Limitations.** The Board shall be prohibited from taking any of the following actions, except with the vote or written consent of a majority of the voting power of the Association residing in Members other than the Declarant:

7.2.1 **Contracts.** Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Area or the Association for a term longer than one (1) year with the following exceptions:

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

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

(iii) Prepaid casualty and/or liability insurance policies of not to exceed three [3] years duration provided that the policy permits short rate cancellation by the insured.

(iv) Agreements for cable television services and equipment or satellite dish television services and equipment or agreements for sale or lease of burglar alarm and fire alarm equipment, installation and services of not to exceed five [5] years duration provided that the supplier is not an entity in which the Declarant has a direct or indirect ownership interest of ten percent (10%) or more.

7.2.2 **Capital Improvements.** Incurring aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

7.2.3 **Sale of Property.** Selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

7.2.4 **Compensation.** Paying compensation to Directors or Officers for services performed in the conduct of the Association's business provided, however, that the Board may cause a Director or Officer to be reimbursed for expenses incurred in carrying on the business of the Association.

7.2.5 **Vacancies.** Filling of a vacancy on the Board created by the removal of a Director(s).

## ARTICLE 8

### OFFICERS AND THEIR DUTIES

8.1 **Enumeration of Officers.** The Officers of this Association shall be a President and a Vice President, who shall at all times also be Directors; a Secretary, a Chief Financial Officer, and such other Officers as the Board may from time to time by resolution create.

8.2 **Election of Officers.** The election of Officers shall take place at the first meeting of the Board following each annual meeting of the Members.

**8.3 Term.** The Officers shall be elected annually by the Board and each shall hold office for one [1] year unless he sooner resigns, or shall be removed, or otherwise is disqualified to serve.

**8.4 Special Appointments.** The Board may elect such other Officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

**8.5 Resignation and Removal.** Any Officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the 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.

**8.6 Vacancies.** A vacancy in any office may be filled by appointment by the Board. The Officer appointed to fill such vacancy shall serve for the remainder of the term of the Officer he replaces.

**8.7 Multiple Offices.** The offices of Secretary and Chief Financial Officer may be held by the same person. No person shall simultaneously hold more than one [1] or any of the other offices except in the case of special offices created pursuant to Article 8.4 [Special Appointments].

**8.8 Duties.** The duties of the Officers are as follows:

(a) **President.** The President shall preside at all Members' meetings and at all meetings of the Board, and shall see that orders and resolutions of the Board are carried out.

(b) **Vice President.** The Vice President shall act in the place and stead of the President in the event of his absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) **Secretary.** The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association and their addresses, and shall perform such other duties as required by the Board.

(d) **Chief Financial Officer.** The Chief Financial Officer shall receive and deposit in appropriate bank accounts all monies of the Association, and shall disburse such funds as directed by resolution of the Board; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual report of the Association's books to be made at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures. A copy of the report and the budget and statement of income and expenditures shall be delivered to Members as provided in the Declaration.

## ARTICLE 9

### ASSESSMENTS

As more fully provided in the Declaration, each Owner, including Declarant, is obligated to pay the Association regular and special assessments which are secured by a continuing lien upon the Property against which the assessment is made. Any assessment not paid within fifteen (15) days after the due date shall be delinquent and shall accrue a late charge of ten dollars (\$10.00) or ten percent (10%) of the delinquent assessment, whichever is greater. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Unit and interest, cost, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Area or abandonment of his Unit.

## ARTICLE 10

### BOOKS AND RECORDS

10.1 **Member's Right of Inspection.** The Board shall maintain a membership register, including the mailing addresses and telephone numbers of all Members. All of the books, records and papers, membership register, including the mailing addresses and telephone numbers of the Association, and any committee thereof, shall at all times during reasonable business hours be subject to inspection by any Director or any Member. The Project Documents and any committee minutes thereof shall be available for inspection and copying by any Member or designated representative at the principal office of the Association, where copies may be purchased at reasonable cost.

The Board shall establish rules with respect to:

- (a) Notice to be given to the custodian of the records by the Member desiring to make the inspection;
- (b) Hours and days of the week when such an inspection may be made;
- (c) Payment of the cost of reproducing copies of the documents requested by a Member; and
- (d) The payment of fees upon the transfer of title of an Owner's Unit to reflect changes in the ownership of said Unit and membership register, which fee shall not exceed the actual cost of making such changes in the Association records.

10.2 **Director's Right of Inspection.** Every Director of the Association shall have the absolute right, at any reasonable time, to inspect all books, records and related documents of the Association and the physical properties owned or controlled by the Association. The foregoing right of inspection by a Director(s) includes the right to make extracts and copies of such documents.

10.3 **Furnishing Documents.** The Board shall, within ten [10] days of the mailing or delivery of a written request, provide an Owner with the following:

- (a) A copy of all Project Documents;
- (b) A copy of all of the most recent financial statements described in Article 11 [Budget and Financial Statements];
- (c) A statement signed by an Officer of the Association setting forth the amount of any unpaid assessment levied upon the Owner's Unit as of the date of the request and a statement setting forth the late charges, interest, and costs of collection, which as of the date of the statement are or may be made a lien upon the Owner's Unit; and

10.4 **Costs.** The Association may make a charge for furnishing the copies set forth in Article 10.3 (a), (b) and (c) above, which charge shall not exceed the Association's reasonable cost to prepare and reproduce the foregoing items.

## ARTICLE 11

### BUDGET AND FINANCIAL STATEMENTS

Financial information shall be regularly prepared and distributed to all Members regardless of the number of Members or the amount of assets of the Association as follows:

- (a) A budget for each fiscal year consisting of at least the following information shall be distributed not less than forty-five (45) days and not more than sixty (60) days prior to the beginning of the fiscal year:
  - (i) Estimated revenue and expenses on an accrual basis;
  - (ii) The amount of the total cash reserves of the Association currently available for replacement or major repair of common facilities and for contingencies;
  - (iii) An itemized estimate of the current replacement costs of the estimated remaining useful life of, and the methods of funding to defray repair, replacement or additions to major components of the Common Area and facilities for which the Association is responsible; and
  - (iv) A general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the Common Area and facilities for which the Association is responsible.
- (b) A balance sheet - as to 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 Unit in the Project and an operating statement for the period from the date of the first closing to the said accounting date, shall be distributed within sixty [60] days after the accounting date. This operating statement shall include a schedule of assessments received and receivables identified by the number of the Unit and the name of the Owner assessed.



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

- (i) A balance sheet as of the end of the fiscal year;
- (ii) An operating (income) statement for the fiscal year;
- (iii) A statement of changes in financial position for the fiscal year; and

(iv) For any fiscal year in which the gross income to the Association exceeds Seventy-Five Thousand Dollars (\$75,000.00), a copy of the review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy.

(d) If the report referred to in Article 11(c) above is not prepared by a certified public accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statements were prepared without audit from the books and records of the Association.

(e) In lieu of the distribution of the report referred to in Article 11(c) above, the Board of Directors may elect to distribute a summary of the report to all its Members with a written notice that the statement is available at the business office of the Association or at another suitable location within the boundaries of the Project and that copies will be provided upon request and at the expense of the Association. If any Member requests a copy of the annual report to be mailed to them, the Association shall provide the copy to the Member by first-class United States mail at the expense of the Association and delivered within five [5] days. The written notice that is distributed to each of the Association Members shall be in at least 10-point bold type on the front page of the summary of the report.

(f) In addition to financial statements, the governing body shall annually distribute within sixty [60] days prior to the beginning of the fiscal year a statement of the Association's policies and practices in enforcing its remedies against Members for defaults in the payment of regular and special assessments including the recording and foreclosing of liens against Members' Units.

## ARTICLE 12

### FINANCIAL REVIEW AND RESERVES

12.1 **Financial Review.** The Board shall:

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

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

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

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

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

## 12.2 Reserves.

(a) 'Reserve Accounts' means monies that the Association's Board of Directors has identified from its annual budget for use to defray the future repair or replacement of, or additions to, those major components which the Association is obligated to maintain.

(b) The signatures of at least two (2) persons, who shall be members of the Association's Board of Directors or, one Officer who is not a member of the Board of Directors and a member of the Board of Directors, shall be required for the withdrawal of monies from the Association's reserves.

## ARTICLE 13

### ARCHITECTURAL CONTROL COMMITTEE

As more fully provided in the Declaration, the Architectural Control Committee shall approve, disapprove, control and maintain the architectural standards and design of the Project.

## ARTICLE 14

### CONFLICT OF INTEREST AND LIMITATIONS OF DIRECTORS AND MEMBERS

No family member of any Board of Directors Member shall be employed by the Association or any of the Association's contractors. No Board of Directors Member shall be compensated, either directly or indirectly, by the Association. Furthermore, no Board of Directors Member shall award contracts to any organization in which they have any financial interest or in which any of the family members have a financial interest. Board of Directors Members and their families shall not be eligible to be awarded service contracts with the Association for a period of one [1] year after a Member's term of office expires. All actions by the Board of Directors Members on behalf of the Association which have any financial liability impact, must first be approved by a vote of the Board of Directors. Any action done by any Board Member or Members allegedly or ostensibly on behalf of the Board or Association can be rejected or rescinded as an act of the Board or the Association by a majority of the Board. Any majority vote to reject or rescind such an act shall automatically, or by operation of law, be the act of the individual or individual Board Members.

## ARTICLE 15

### AMENDMENTS

15.1 **Vote Required.** These By-Laws may be amended at a regular or special meeting of the Members, and shall require the vote or written assent of the following:

- (a) At least fifty-one percent (51%) of the Class A Members; and
- (b) At least fifty-one percent (51%) of the Class B Members.

Notwithstanding the foregoing, the percentage of a quorum or of the voting power of the Association or of Members other than the Declarant necessary to amend a special clause or provision of these By-Laws shall not be less than the prescribed percentage of affirmative votes required for action to be taken under the clause or provision.

If a two [2] class voting structure is no longer in effect because of the conversion of Class B votes to Class A votes, the amendment to these By-Laws shall require the vote or written assent of the following:

(a) At least fifty-one percent (51%) of the voting power of the Association;

and

(b) At least fifty-one percent (51%) of the total voting power of the Association, excluding those votes held by Declarant.

Notwithstanding the foregoing, the percentage of a quorum of the voting power of the Association or of Members other than the Declarant necessary to amend a special clause or provision of these By-Laws, shall not be less than the prescribed percentage of affirmative votes required for action to be taken under the clause or provision.

15.2 **Conflict Between Documents.** In the case of any conflict between the Articles and these By-Laws, the Articles shall control and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

## ARTICLE 16

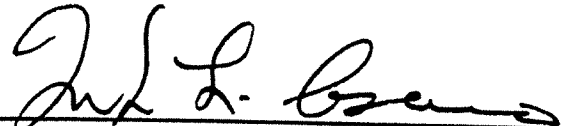
### MISCELLANEOUS

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

**CERTIFICATE OF ADOPTION BY INCORPORATOR**

The undersigned, appointed in the Articles of Incorporation to act as the Incorporator of the herein named Corporation, hereby adopts the same as the By-Laws of said Corporation.

Executed this 9 day of MAY, 1990.

  
FRANK L. ASARO, Incorporator

**CERTIFICATE OF SECRETARY**

**THIS IS TO CERTIFY:**

I am the presently elected and acting Secretary of \_\_\_\_\_ a California Mutual Benefit corporation, and the above By-Laws, consisting of fourteen (14) pages, are the By-Laws of this corporation as adopted at a meeting of the Board of Directors held on \_\_\_\_\_, 19\_\_, in the City of San Diego, County of San Diego, State of California.

**WITNESS WHEREOF,** I have hereunto subscribed my name and set my hand and affixed the seal on this \_\_\_ day of \_\_\_\_\_, 19\_\_.

\_\_\_\_\_