

BYLAWS
OF
PALM TERRACE
MAINTENANCE CORPORATION

MMD#295029

1/12/07

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BYLAWS
OF
PALM TERRACE
MAINTENANCE CORPORATION

ARTICLE I

NAME AND LOCATION

1.01 The name of the corporation for which these are the Bylaws is "PALM TERRACE MAINTENANCE CORPORATION" (hereinafter referred to simply as the "Association"). The principal office of the Association shall be located at the address of the Incorporator until such time as the first (organizational) meeting of the Members is held, and thereafter it shall be located at the address of the Condominium Project.

ARTICLE II

DEFINITIONS

2.01 The definitions contained and set forth in the Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for the PALM TERRACE Condominium Project in the City of San Diego, County of San Diego, State of California, hereinafter referred to simply as the "Declaration", are incorporated herein by reference and made a part hereof as though set forth in full.

ARTICLE III

MEETING OF MEMBERS AND VOTING

3.01 Annual Meeting. Regular meetings of Members of the Association shall be held not less frequently than once each calendar year. The first meeting of the Association, whether a regular or special meeting, shall be held within 45 days after the closing of the sale of the Condominium in the Project which represents the fifty-first (51st) percentile interest authorized for sale under the first public report for the Condominium Project, provided that Public Report authorizes the sale of 50 subdivision interests or more in the subdivision. However, in no event shall the first meeting be held later than six months after the closing of the sale of the first subdivision interest without regard to the number of subdivision interests authorized for sale in the first public report. The date, time, and place of the first annual meeting shall be set by the Board at the organizational meeting so as to occur no later than ninety (90) days after the close of the Association's fiscal year. Subsequent regular annual meetings of the Members shall be held within thirty (30) days of the same day of the same month of each year thereafter, at a time determined by the Board of Directors. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

3.02 Special Meetings. A special meeting of the Members shall be promptly scheduled by the Board of Directors in response to the vote of the Board itself or a written request for a special meeting signed by Members representing at least five (5%) percent of the total voting power of the Association. The provisions of the Declaration, as related to special meetings of the Association, are incorporated herein by reference and made a part hereof as though set forth in full.

3.03 Notice and Place of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of the secretary or person authorized to call the meeting, by personal delivery or mailing a copy of such notice, postage prepaid, at least ten (10) days, but not more than ninety (90) days before such meeting to each institutional lender requesting notice and to each member, 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. Notwithstanding any other provision of law, notice of meetings of the Members shall specify those matters the Board intends to present for action by the Members, but, except as otherwise provided by law, any proper matter may be presented at the meeting for action. Meetings shall be held within the Condominium Project, or at a meeting place within the same county and as close to the Condominium Project as possible. Institutional lenders may designate in writing a representative to attend all meetings, and are hereby authorized to furnish information to the Association concerning the status of any loan encumbering a Unit within the Condominium Project.

3.04 Quorum. The presence at any meeting, either in person or proxy, of Members entitled to cast at least fifty-one (51%) percent of the total voting power of the Association shall constitute a quorum for any action except as otherwise provided in the Restrictions. If, however, such quorum shall not be present or represented at any meeting, a majority of the Members entitled to vote thereat shall have the power to adjourn the meeting to date not less than five (5) days nor more than thirty (30) days from the meeting date, at which meeting the quorum requirements shall be one-third (1/3) of the total voting power. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to members in the manner prescribed for annual meetings. 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 Members to leave less than a quorum; provided that at least twenty-five (25%) percent of the total voting power of the Association remains present in person and/or by proxy, and provided further that any action taken shall be approved by at least a majority of the Members required to constitute a quorum.

3.05 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 and/or the management company before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Unit, or upon receipt of notice by the secretary of the Board of the death or judicially declared incompetence of a member, or upon the expiration of eleven (11) months from and after the date of its execution, unless the Member executing it specifies therein the length of time for which the proxy is to continue in force, which in no case may exceed three (3) years from and after the date of its execution. Every form of proxy or written ballot which provides an opportunity to specify approval, disapproval with respect to any proposal shall also contain a space marked "abstain". Any form of proxy or written ballot distributed by any person to the membership of the Association shall afford the opportunity to specify 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.

3.06 Membership Classes and Voting Rights. Membership shall be held as provided in the Declaration. Voting rights attributable to Units shall not vest until assessments against those Units have been levied by the Association. The Association shall have two (2) classes of voting membership:

(a) Class A. Class A Members shall be all Owners with the exception of the Declarant, and shall be entitled to one (1) vote for each Unit owned. When more than one person holds an interest in any Unit, all such persons shall be Members, and the vote for such Unit shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Unit.

(b) Class B. Class B Members shall be the Declarant, and shall be entitled to vote as follows: voting shall be the same as for Class A memberships, except that the Class B Members may triple their votes for each Unit owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(1) When the total outstanding votes held by the Class A members equal the total outstanding votes held by the Class B member; or

(2) The second anniversary of the first Close of Escrow in the Project.

3.07 Action Without Meeting. Any action which may be taken by the vote of Members at a regular meeting or special meeting, except the election of the Members of the Board of Directors, may be taken without a meeting if done in compliance with the provisions of Sections 7513 and 7516 of the California Corporations Code.

3.08 Conduct of Meetings. Meetings of the membership of the Association shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedure as the Association

3.09. Open Meeting Act Requirements. Notwithstanding any other language included herein, in accordance with Civil Section 1363.05, the Common Interest Development Open Meeting Act, the following procedures shall be followed:

(a) 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, personnel matters, or to meet with a member, upon the member's request, regarding the member's payment of assessments, as specified in Civil Code Section 1367 or 1367.1. The Board of Directors of the Association shall meet in executive session, if requested by a member who may be subject to a fine, penalty, or other form of discipline, and member shall be entitled to attend the executive session.

(b) Any matter discussed in executive session shall be generally noted in the minutes of the immediately following meeting that is open to the entire membership.

(c) 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 30 days of the meeting.

(d) 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 in Civil Code Section 1365 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, "meeting" includes any congregation of a majority of the members of the Board of Directors 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) In accordance with Title 10 California Administrative Code Section 2792.17 (d), members shall be given at least ten (10) days and not more than ninety (90) days notice prior to the meeting. Notice shall be given by posting the notice in a prominent place or places within the Common Area and by mail to any Owner who has requested notification of board meetings by mail, at the address requested by the Owner. Notice may also be given by mail or delivery of the notice to each unit in the development or by newsletter or similar means of communication.

(h) An emergency meeting of the Board of Directors may be called by the President of the Association, or by any two (2) members of the governing body 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 of Directors, and which of necessity make it impracticable to provide notice as required by this section.

(i) The Board of Directors of the Association shall permit any member of the Association to speak at any meeting of the Association or the Board of Directors, except for meetings of the Board held in executive session. A reasonable time limit for all members of the Association to speak to the Board of Directors or before a meeting of the Association shall be established by the Board of Directors.

3.10. Meeting Requirements of Civil Code Section 1368.4.

In accordance with Civil Code Section 1368.4, not later than thirty (30) days prior to the filing of any civil action by the Association against the declarant or other developer of a common interest development for alleged damage to the Common Area, alleged damage to the separate interests that the Association is obligated to maintain or repair, or alleged damage to the separate interests that arises out of, or is integrally related to, damage to the Common Areas or Separate Interests that the Association is obligated to maintain or repair, the Board of Directors of the Association shall provide written notice to each member of the Association who appears on the records of the Association when the notice is provided. This notice shall specify all of the following:

(1) That a meeting will take place to discuss problems that may lead to the filing of a civil action.

(2) The options, including civil actions, that are available to address the problems.

(3) The time and place of this meeting.

(4) Notwithstanding language included in this Section 3.10, if the Association has reason to believe that the applicable statute of limitations will expire before the Association files the civil action, the Association may give the notice, as described herein, within thirty (30) days after the filing of the action.

3.11. Requirements of Civil Code Section 1363.03.

(a) An Association shall adopt rules, in accordance with the procedures prescribed by Article 4 (commencing with Section 1357.100) of Chapter 2, that do all of the following:

(1) Ensure that if any candidate or member advocating a point of view is provided access to association media, newsletters, or Internet Web sites during a campaign, for purposes that are reasonably related to that election, equal access shall be provided to all candidates and members advocating a point of view, including those not endorsed by the Board, for purposes that are reasonably related to the election. The Association shall not edit or redact any content from these communications, but may include a statement specifying that the candidate or member, and not the association, is responsible for that content.

(2) Ensure access to the common area meeting space, if any exists, during a campaign, at no costs, to all candidates, including those who are not incumbents, and to all members advocating a point of view, including those not endorsed by the Board, for purposes reasonably related to the election.

(3) Specify the qualifications for candidates for the Board of Directors and any other elected position, and procedures for the nomination of candidates. A nomination or election procedure shall not be deemed reasonable if it disallows any member of the Association from nominating himself or herself for election to the Board of Directors.

(4) Specify the qualifications for voting, the voting power of each membership, the authenticity, validity, and effect of proxies, and the voting period for elections, including the times at which polls will open and close.

(5) Specify a method of selecting one or three independent third parties as inspector, or inspectors, of election utilizing one of the following methods:

(A) Appointment of the inspector or inspectors by the Board.

(B) Election of the inspector or inspectors by the members of the Association.

(C) Any other method for selecting the inspector or inspector.

(b) Notwithstanding any other law or provision of the governing documents, an election within a common interest development regarding assessments, selection of members of the Association Board of Directors, amendment of the governing documents, or the grant of exclusive use of common area property pursuant to Section 1363.07 shall be held by secret ballot in accordance with the procedures set forth in this section.

(c) (1) The Association shall select an independent third party or parties as an inspector of election. The number of inspectors of election shall be one or three.

(2) For the purpose of this section, an independent third party includes, but is not limited to, a volunteer poll worker with the county registrar of votes, a licensee of the California Board of Accountancy, or a notary public. An independent third party may be a member of the association, but may not be a member of the Board of Directors or related to a member of the Board of Directors or a candidate for the Board of Directors. An independent third party may not be a person who is currently employed or under contract to the Association for any compensable services unless expressly authorized by rules of the association adopted pursuant to paragraph (5) of subdivision (a).

(3) The inspector or inspectors of election shall do all of the following:

(A) Determine the number of memberships entitled to vote and the voting power of each.

(B) Determine the authenticity, validity and effect of proxies, if any.

(C) Receive ballots.

(D) Hear and determine all challenges and questions in any way arising out of or in connection with the right to vote.

(E) Count and tabulate all votes.

(F) Determine when polls shall close.

(G) Determine the result of the election.

(H) Perform any acts as may be proper to conduct the election with fairness to all members in accordance with this section and all applicable rules of the association regarding the conduct of the election that are not in conflict with this section.

(4) An inspector of election shall perform his or her duties impartially, in good faith, to the best of his or her ability, and as expeditiously as is practical. If there are three inspectors of election, the decision or act of a majority shall be effective in all respects as the decision or act of all. Any report made by the inspector or inspectors of election is prima facie evidence of the facts stated in the report.

(d) Any instruction given in a proxy issued for an election that directs the manner in which the proxy holder is to cast the vote shall be set forth on a separate page of the proxy that can be detached and given to the proxy holder to retain. The proxy holder shall cast the member's vote by secret ballot.

(e) Ballots and two pre-addressed envelopes with instructions on how to return ballots shall be mailed by first-class mail or delivered by the association to every member not less than 30 days prior to the deadline for voting. In order to preserve confidentiality, a voter may not be identified by name, address, or lot, parcel, or unit number on the ballot. The Association shall use as a model those procedures used by California counties for ensuring confidentiality of voter absentee ballots, including all of the following:

(1) The ballot itself is not signed by the voter, but is inserted into a new envelope that is sealed. This envelope is inserted into a second envelope that is sealed. In the upper left hand corner of the second envelope, the voter prints and signs his or her name, address, lot, or parcel, or unit number that entitled him or her to vote.

(2) The second envelope is addressed to the inspector or inspectors of election, who will be tallying the votes. The envelope may be mailed or delivered by hand to a location specified by the inspector or inspectors of election. The member may request a receipt for delivery.

(f) All votes shall be counted and tabulated by the inspector or inspectors of election in public at a properly noticed open meeting of the Board of Directors or members. Any candidate or other member of the association may witness the counting and tabulation of the votes. No person, including a member of the association or an employee of the management company, shall open or otherwise review any ballot prior to the time and place at which the ballots are counted and tabulated.

(g) The results of the election shall be promptly reported to the Board of Directors of the Association and shall be available for review by members of the Association. Within 15 days of the election, the Board shall publicize the results of the election in a communication directed to all members.

(h) The sealed ballots at all times shall be in the custody of the inspector or inspectors of election or at a location designated by the inspector or inspectors of election or at a location designated by the inspector or inspectors until after the tabulation of the vote, at which time custody shall be transferred to the association.

(i) After tabulation, election ballots shall be stored by the association in a secure place for no less than one year after the date of the election. In the event of a recount or other challenge to the election process, the Association shall, upon request, make the ballots available for inspection and review by Association members or their authorized representatives. Any recount shall be conducted in a manner that shall preserve the confidentiality of the vote.

3.12. Requirements of Civil Code Section 1363.04

(a) Association funds shall not be used for campaign purposes in connection with any Association Board election. Funds of the Association shall not be used for campaign purposes in connection with any other Association election except to the extent necessary to comply with duties of the Association imposed by law.

(b) For purposes of this section "campaign purposes" include, but are not limited to, the following:

(1) Expressly advocating the election or defeat of any candidate that is on the Association election ballot.

(2) Including the photograph or prominently featuring the name of any candidate on a communication from the Association or its Board, excepting the ballot and ballot materials, within 30 days of an election, provided that this is not a campaign purpose if the communication is one for which subdivision (a) of Section 1363.03 requires that equal access be provided to another candidate or advocate.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION, TERM OF OFFICE, MEETINGS, POWERS AND DUTIES

4.01 Number. The affairs of this Association shall be managed by a Board of three (3) Directors, who need not be Members of the Association until conversion of Class B membership to Class A, after which time all Directors must be members of the Association. The initial Directors shall be appointed by Declarant and shall hold office until their successors are elected at the first (organizational) meeting of the Members.

4.02 Term of Office. At the first (organizational) meeting of the Association, the Members shall elect three (3) Directors to serve until the first annual meeting. At the first annual meeting and each annual meeting thereafter, the Members shall elect two (2) Directors for a term of two (2) years and one (1) directors for a term of one (1) year, but in the event that any such annual meeting is not held, or the Directors not elected at such meeting, the Directors may be elected at any special meeting of the Association held for that purpose, and all incumbent Directors shall hold their office until their successors are elected.

4.03 Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Notice to the Members of the Association of the meeting shall include the names of all those 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 director, 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 of the Association, to serve until the close of such 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 candidate shall have reasonable opportunity to communicate their qualifications to Members and to solicit votes.

4.04 Election. The first election of the Board shall be conducted at the first (organizational) meeting of the Association. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Restrictions. The persons 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. 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 on the Board (at least one [1] Director) shall have been elected solely by the votes of the Owners other than the Declarant. A Member shall be entitled to cumulate his or her vote for one or more candidates for the Board of Directors if the candidate's name has been placed in nomination prior to voting and if the Member has given notice at the meeting prior to the voting of his or her intention to cumulate votes. If any one Member has given such notice, all Members may cumulate their votes for candidates in nomination.

4.05 Removal; Vacancies. Unless the entire Board is removed from office by a simple majority 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 him 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 were then being elected. A director who was elected solely by the votes of Members other than the Declarant may be removed from office prior to the expiration of his term only by the votes of a majority of Members other than the Declarant. In the event of death or resignation of a Director, his successor shall be selected by a majority of the remaining Directors 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. Any vacancy created by the removal of a Director can be filled only by election of the Members.

4.06 Regular Meetings. Regular meetings of the Board of Directors shall be held monthly at such place within the Condominium Project and at such hour as may be fixed from time to time by resolution of the Board. The Board of Directors may meet as infrequently as once every six months if the Board of Directors determines that the business to be transacted does not justify more frequent meetings. 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. Notice of the time and place of meeting shall be posted at a prominent place within the Common Area and shall be communicated to Directors not less than four (4) days prior to the meeting; provided that notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting. If the Common Area consists of only an easement or is otherwise unsuitable for posting of such notice, the Board shall communicate the notice of the time and place of such meeting by any means it deems appropriate.

4.07 Special Meetings. 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 any special business to be considered. The Notice shall be personally delivered or mailed to all Directors and posted at a prominent place within the Common Area not less than seventy-two (72) hours prior to the scheduled time of the meeting; provided, however, that notice of the meeting need not be given to any Director who signed a waiver of notice or a written consent to holding of the meeting. If the Common Area consists of only an easement or is otherwise unsuitable for posting of such notice, the Board shall communicate the notice of the time and place of such meeting by any means it deems appropriate.

4.08 Quorum; Notice of Adjourned Meeting. A majority of the number of Directors shall constitute a quorum and be necessary for the transaction of business, except to adjourn until the time fixed for the next regular meeting of the Directors. 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. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for the meeting. Notice of the time and place of holding the adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the Directors who were not present at the time of the adjournment, and shall be posted at a prominent place within the Common Area. An explanation of the action taken shall be posted at a prominent place within the Common Area within three (3) days after the meeting. If the Common Area consists of only an easement or is otherwise unsuitable for posting of such notice or explanation, the Board shall communicate such notice or explanation by any means it deems appropriate.

4.09 Open Meetings. 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 that relate to the formation of contracts with third parties, or personnel matters. All other 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.

4.10 Participation in Meetings by Directors. In accordance with Civil Code Section 7211, members of the Board may participate in a meeting through use of conference telephone, electronic video screen communications, or other communications equipment. Participation in a meeting pursuant to Section 7211 constitutes presence in person at that meeting if all of the following apply:

(A) Each member participation in the meeting can communicate with all of the other members concurrently:

(B) Each member is provided the means of participating in all matters before the Board, including the capacity to propose, or to interpose an objection, to a specific action to be taken by the Corporation.

(C) The Corporation adopts and implements some means of verifying both of the following:

(i) A person communicating by telephone, electronic video screen, or other communications equipment is a director entitled to participate in the Board meeting.

(ii) All statements, questions, actions, or votes were made by that director and not by another person not permitted to participate in the Board meeting.

4.11 Executive Session. The Board may, with approval of a majority of its members present at a meeting in which a quorum for the transaction of business has been established, 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. Any matter discussed in executive session shall be generally noted in the minutes of the Board of Directors. In any matter relating to the discipline of an Association Member, the Board of Directors shall meet in executive session if requested by the Member being disciplined, and the Member shall be entitled to attend the executive session.

4.12 Action Taken Without a Meeting. The Directors may take any action in the absence of a meeting which they are required or permitted to 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. If the Board of Directors resolves by unanimous written consent to take action, an explanation of the action taken shall be posted at a prominent place or places within the Common Area within three (3) days after the written consents of all Directors have been obtained. If the Common Area consists of only an easement or is otherwise unsuitable for posting the explanation of the action taken, the Board shall communicate said explanation by any means it deems appropriate.

4.13 Duties. It shall be the duty of the Board of Directors to:

(a) Maintenance: Maintain the Condominium Project in accordance with the provisions of the Condominium Project Documents.

(b) Insurance: Procure and maintain insurance as required by the provisions of the Restrictions.

(c) Discharge of Liens: Discharge by payment, if necessary, any lien against the Common Area and assess the cost thereof to the Member or Members responsible for the existence of said lien.

(d) Assessments: Fix, levy, collect, and enforce assessments as set forth in the Restrictions.

(e) Expenses and Obligations: Pay all expenses and obligations incurred by the Association in the conduct of its business including, without limitation, all licenses, taxes, or governmental charges levied or imposed against the property of the Association.

(f) Records: Cause to be kept a complete record of all its acts and affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4th) of the Class A Members; keep adequate and correct books and records of account, minutes of its own proceedings and those of its committees, and a record of its Members and the members of the Association, giving their names and addresses and classes of membership.

(g) Supervision: Supervise all officers, agents, and employees of the Association, and see that their duties are properly performed.

(h) Enforcement: Enforce the provisions of the Restrictions.

4.14 Powers. The Board of Directors shall have the power to:

(a) Manager: Employ a manager as provided in the Restrictions.

(b) Adoption of Rules: Adopt rules in accordance with the provisions of the Restrictions.

(c) Assessments, Liens, and Fines: Levy and collect assessments and impose fines as provided in the Restrictions.

(d) Enforcement: Enforce the provisions of the Restrictions.

(e) Contracts: Contract for goods and/or services in accordance with the provisions of the Restrictions.

(f) Delegation: Delegate its authority and powers to committees, officers, or employees of the Association.

(g) Partition: Sell the Condominium Project, in the event of partition pursuant to the provisions of the Declaration.

4.15 Prohibited Acts. The Board of Directors shall not take any of the following actions except with the vote or written consent of a majority of the voting power of the Association, which shall include a majority of the votes residing in Members other than the Declarant, or where the two-class voting structure is still in effect as provided in the Restrictions, a majority of each class membership:

(a) 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:

(1) A management contract, the terms of which have been approved by the Federal Housing Administration or U.S. Department of Veterans Affairs (if either of these entities is the holder, insurer or guarantor of any loan or mortgage on any Unit in the Condominium Project);

(2) 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;

(3) 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.

(4) Lease agreements for laundry room fixtures and equipment not-to-exceed five (5) years in duration; provided that the lessor under the agreement is not an entity in which the Declarant has a direct or indirect ownership interest of ten percent (10%) or more.

(5) Agreements for cable television services and equipment or satellite services and equipment 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.

(6) 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 or suppliers are not entities in which the Declarant has a direct or indirect ownership interest of ten percent (10%) or more.

(b) Incurring, during any fiscal year, any expenditures for capital improvements to the Common Area; or, if the Condominium Project has not been submitted to and approved by the VA, aggregate expenditures for such purposes, in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

(c) Selling, during any fiscal year, any property of the Association; or, if the Condominium Project has not been submitted to and approved by the VA, any such property having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

(d) Paying compensation to Directors or to the officers of the Association 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.

(e) Filling a vacancy on the Board of Directors created by the removal of a Director.

4.16 Compensation. Except as provided in Paragraph 4.15 (d) herein above, 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.

4.17 Indemnification of Officers and Directors. Each Director and officer shall be indemnified by the Association and the Members against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him by judgment or settlement in connection with any proceeding to which he may be a party, or to which he may become involved, by reason of his being or having been a Director or officer of the Association, except in cases of fraud, gross negligence or bad faith of the Director or officer in the performance of his duties.

4.18 Financial Accounts; Reserve Study.

(a) On at least a quarterly basis, the Board of Directors shall review: a current reconciliation of the Association's operating and reserve accounts, the current year's actual reserve revenues and expenses compared to the current year's budget, the latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts, and an income and expense statement for the Association's operating and reserve accounts.

(b) The signatures of at least two persons, who shall be Members of the Association's Board of Directors, or one officer who is not a Member of the Board and one Member of the Board, shall be required for the withdrawal of monies from the Association's reserve accounts, meaning monies that the Association's Board of Directors has identified for use to defray the future repair or replacement of, or additions to, those major components which the Association is obligated to maintain.

(c) The Board of Directors shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation, involving the repair, restoration, replacement, or maintenance of, major components which the Association is obligated to repair, restore, replace or maintain and for which the reserve fund was established. The Board may authorize the temporary transfer of money from a reserve fund to the Association's general operating fund to meet short-term cash flow requirements or other expenses, provided the Board has made a written finding, recorded in the Board's minutes, explaining the reasons that the transfer is needed, and describing when and how the money will be repaid to the reserve fund. The transferred funds shall be restored to the reserve fund within one (1) year of the date of initial transfer except that the Board may, upon making a finding supported by documentation that a temporary delay would be in the best interests of the Condominium Project, temporarily delay the restoration. The Board shall exercise prudent fiscal management in delaying restoration of these funds and in restoring the expended funds to the reserve account, and shall, if necessary, levy a special assessment to recover the full amount of the expended funds within the time limits required by this paragraph. This special assessment is subject to the limitations imposed by Section 1366. The Board may, at its discretion, extend the date the payment on the special assessment is due. Any extension shall not prevent the Board from pursuing any legal remedy to enforce the collection of an unpaid special assessment.

(d) When the decision is made to use reserve funds or to temporarily transfer money from the reserve fund to pay for litigation, the Association shall notify the members of the Association of that decision in the next available mailing to the members pursuant to Section 5016 of the Corporations Code, and of the availability of an accounting of those expenses. The Association shall make an accounting of expenses related to the litigation on at least a quarterly basis. The accounting shall be made available for inspection by members of the Association at the Association's office.

(e) At least once every three years the Board of Directors shall cause a study of the reserve account requirements of the Condominium Project to be conducted if the current replacement value of the major components which the Association is obligated to repair, replace, restore, or maintain is equal to or greater than one-half of the gross budget of the Association for any fiscal year. The Board shall review this study each year and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review. The study required by this paragraph shall at a minimum include:

(1) Identification of the major components which the Association is obligated to repair, replace, restore or maintain which, as of the date of the study, have a remaining useful life of less than thirty (30) years.

(2) Identification of the probable remaining useful life of the components identified in subparagraph (1) as of the date of the study.

(3) An estimate of the cost of repair, replacement, restoration, or maintenance of the components identified in subparagraph (1) during and at the end of their useful life.

(4) An estimate of the total annual assessment necessary to defray the cost to repair, replace, restore, or maintain the components identified in subparagraph (1) during and at the end of their useful life, after subtracting total reserve funds as of the date of the study.

(f) As used in this section, "reserve account requirements" means the estimated funds which the Association's Board of Directors has determined are required to be available at a specified point in time to repair, replace, or restore those major components which the Association is obligated to maintain.

4.19 Minutes of Meeting. 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, the proposed minutes, or summary minutes shall be distributed to any Member of the Association upon request and upon reimbursement of the Association's costs in making that distribution. Members of the Association shall be notified in writing at the time that the pro forma budget required in Civil Code Section 1365 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.

ARTICLE V

OFFICERS AND THEIR DUTIES

5.01 Enumeration of Officers. The officers of the Association shall be a president and vice-president, who shall at all times be Directors, a secretary, and chief financial officer (treasurer), and such other officers as the Board may from time to time create by resolution.

5.02 Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Association.

5.03 Term. The officers of the Association shall be elected annually by the Board as follows. At the first (organizational) meeting of the Association, the Board shall elect three (3) officers to serve until the first annual meeting. At the first annual meeting and each annual meeting thereafter, the Directors shall elect two (2) officers for a term of two (2) years and one (1) officer for a term of one (1) year. In the event that such annual meeting is not held or the officers not elected at such meeting, the officers may be elected at any special meeting of the Association held for that purpose, and all incumbent officers shall hold their office until their successors are elected.

5.04 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.

5.05 Resignation and Removal. Any officer may be removed from office by the Board with or without cause. 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.

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

5.07 Multiple Offices. After the first (organizational) meeting of the Members of the Association has been held, no person shall simultaneously hold more than one office, except that the offices of secretary and chief financial officer may be held by the same person, and except in the case of special offices created pursuant to Paragraph 5.04 of this Article.

5.08 Duties. The duties of the officers are as follows:

(a) President. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, and other written instruments, and shall co-sign all checks and promissory notes.

(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 all votes and keep the minutes of all meetings and proceedings of the Board and of the Association, serve notice of meetings of the Board and of the Association; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board. The foregoing duties, may, upon approval of the Board of Directors of the Association, be delegated to the management company selected by the Association. The foregoing delegation of duties to a management company does not include the withdrawal of moneys from the reserve account per Civil Code Section 1365.5 (b).

(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 of Directors; shall co-sign all checks and promissory notes of the Association; shall keep proper books of account; shall prepare and distribute financial statements to each Member of the Association as follows. The foregoing duties, may, upon approval of the Board of Directors of the Association, be delegated to the management company selected by the Association. The foregoing delegation of duties to a management company does not include the withdrawal of moneys from the reserve account per Civil Code Section 1365.5 (b).

5.09 Documents to be Prepared and Distributed to Members.

An appropriate officer of the Association shall prepare and distribute to all of its members the following documents:

(a) A proforma operating budget for the immediately ensuing fiscal year, which shall include all of the following shall be annually distributed not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of the Association's fiscal year;

(1) The estimated revenue and expenses on an accrual basis.

(2) A summary of the Association's reserves based upon the most recent review or study conducted pursuant to California Civil Code Section 1365.5, which shall be printed in bold type and include all of the following:

(A) The current estimated replacement cost, estimated remaining life, and estimated useful life of each component.

(B) As of the end of the fiscal year for which the study is prepared:

(i) The current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the major components.

(ii) The current amount of accumulated reserves actually set aside to repair, replace, restore, or maintain major components.

(C) The percentage that the amount determined for purposes of clause (ii) of subparagraph (B) is of the amount determined for purposes of clause (i) of subparagraph (B).

(3) A statement as to whether the Board of Directors of the Association has determined or anticipates that the levy of one or more special assessments will be required to repair, replace, or restore any major component or to provide adequate reserves therefor.

(4) A general statement addressing the procedures used for the calculation and establishment of those reserves to defray the future repair, replacement, or additions to those major components that the Association is obligated to maintain.

(In accordance with Civil Code Section 1365, the summary of the Association's reserves disclosed pursuant to section (2) herein will not be admissible in evidence to show improper financial management of the Association, provided that other relevant and competent evidence of the financial condition of the Association is not made inadmissible by this provision).

(b) A review of the financial statement of the Association shall be prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy 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 financial statement shall be distributed within one hundred twenty (120) days after the close of each fiscal year.

(c) In lieu of the distribution of the pro forma operating budget required by subparagraph (a), the Board of Directors may elect to distribute a summary of the proforma operating budget to all Members with a written notice that the pro forma operating budget is available at the business office of the Association or at another suitable location within the boundaries of the Condominium Project and that copies will be provided upon request and at the expense of the Association. If any Member requests that a copy of the pro forma operating budget required by subparagraph (a) be mailed to the Member, the Association shall provide the copy to the Member by first class United States mail at the expense of the Association and deposited so as to be delivered within five days. The written notice that is distributed to each of the Association's Members shall be in at least 10-point bold type on the front page of the summary of the budget.

(d) A statement describing the Association's policies and practices in enforcing lien rights or other legal remedies for default in payment of its assessments against its Members shall be annually delivered to the Members during the sixty (60) day period immediately preceding the beginning of the Association's fiscal year.

(e) A summary of the Association's general liability policy that states all of the following:

- (1) The name of the insurer.
- (2) The policy limits of the insurance.
- (3) If an insurance agent, as defined in Section 1621 of the Insurance Code, an insurance broker, as defined in Section 1623 of the Insurance Code, or an agent of an insurance agent or insurance broker has assisted the Association in the development of the general liability policy limits and if the recommendations of the insurance agent or insurance broker were followed.
- (4) The insurance deductibles.
- (5) The person or entity that is responsible for paying the insurance deductible in the event of loss.
- (6) Whether or not the insurance coverage extends to the real property improvements to the separate interests.

(f) A summary of the Association's earthquake and flood insurance policy, if one has been issued, that states all of the following:

- (1) The name of the insured.
- (2) The policy limits of the insurance.
- (3) The insurance deductibles.
- (4) The person or entity responsible for paying the insurance deductible in the event of loss.

(g) A summary of the liability coverage policy for the director and officers of the Association that lists all of the following:

- (1) The name of the insurer.
- (2) The limits of the insurance.

(h) Notwithstanding (e), (f), and (g), the Association will, as soon as reasonably practical, notify its members by first-class mail if any of the policies have lapsed, been canceled and are not immediately renewed, restored or replaced or if there is a significant change, such as reduction in coverage or limits or an increase in deductible as to any of these policies. If the Association receives any notice of nonrenewal of a policy, the Association will immediately notify its members if replacement coverage will not be in effect by the date the existing coverage will lapse. If the Association renews any of the policies or a new policy is issued to replace an insurance policy of the Association, and where there is no lapse in coverage, the Association will notify its members of that fact in the next available mailing to all members pursuant to Section 5016 of Corporations Code.

(i) To the extent that the information to be disclosed pursuant to (e), (f), and (g) is specified in the insurance policy declaration page, the Association may meet the requirements of those sections by making copies of that page and distributing it to all its members.

(j) The summary distributed pursuant to sections (e) (f), and (g) will contain in at least 10-point boldface type the following statement: "This summary of the Association's policies of insurance provides only certain information, as required by subdivision (e) of Section 1365 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any Association member may, upon request and provision of reasonable notice, review the Association's insurance policies and, upon request, and payment of reasonable duplication charges, obtain copies of those policies. Although the Association maintains the policies of insurance specified in this summary, the Association's policies of insurance may not cover your property including personal property, or real property improvements to or around your dwelling or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage."

(k) 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 Unit in the Project, and an operating statement for the period from the date of the first closing to the said accounting date, will be distributed within sixty (60) days after the accounting date. The operating statement will include a schedule of assessments received and receivable identified by the numbers of the Units and the name or names of the Owners assessed.

(l) An annual report consisting of: (A) a balance sheet as of the end of the Association's fiscal year, (B) an operating (income) statement for the fiscal year, (C) a statement of changes in financial position for the fiscal year, and (D) any information required to be reported under Section 8322 of the California Corporations Code, will be distributed within one hundred twenty (120) days after the close of the fiscal year. If this report is not prepared by an independent accountant, it will be accompanied by the certificate of an authorized officer of the Association indicating that the statements were prepared without audit from the books and records of the Association.

(m) In accordance with Civil Code Section 1365.1, the Association shall distribute the written notice described in subdivision (b) to each member of the Association during the 60-day period immediately preceding the beginning of the Association's fiscal year. The notice shall be printed in at least 12-point type. An Association distributing the notice to an Owner of an interest that is described in Section 11211.7 of the Business and Professions Code may delete from the notice described in subdivision (b) the portion regarding meetings and payment plans. (b) The notice required by this section shall read as follows:

"NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay an association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of court action, known as judicial foreclosure or without court action, often referred to as nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest and cost of collection, is less than one thousand eight hundred dollars (\$1,800.00). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800.00) or more than 12 months delinquent, an association may use judicial or nonjudicial foreclosure subject to the conditions set forth in Section 1367.4 of the Civil Code. When using judicial or nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid (Sections 1336, 1367.1 and 1367.4 of the Civil Code).

In a nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common areas damaged by a member or member's guests, if the governing documents provide for this (Section 1366 and 1367.1 of the Civil Code).

The association must comply with the requirements of Section 1367.1 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association (Section 1367.1).

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail. Among those documents, the association must send a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt (Section 1367.1 of the Civil Code).

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard (Section 1367.1 of the Civil Code).

The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

PAYMENTS

When an owner makes a payment, he or she may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments (Sections 1366.3 and 1367.1 of the Civil Code).

An owner may dispute an assessment debt by submitting a written request for dispute resolution to an association as set forth in Article 5 (commencing with Section 1368.810) of Chapter 4 of Title 6 of Division 2 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 2 (commencing with Section 1369.510) of Chapter 7 of Title 6 of Division 2 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

MEETINGS AND PAYMENT PLAN

An owner of a separate interest that is not a time-share may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if they exist (Section 1367.1 of the Civil Code).

The board of the directors must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of delinquent assessment. These payment plans must conform with the payment plan standards of the association, if they exist (Section 1367.1 of the Civil Code).

A member of an association may provide written notice by facsimile transmission or United States mail to the association of a secondary address. If a secondary address is provided, the association shall send any and all correspondence and legal notices required pursuant to this article to both the primary and the secondary address.

(n) The foregoing duties may be delegated to a manager appointed by the Board.

(o) The fiscal year of the Association will begin on the first (1st) day of January and end on the thirty-first (31st) day of December of every year, except that the first fiscal year will begin on the date of incorporation or establishment of the Association.

ARTICLE VI

BOOKS AND RECORDS

6.01 Inspection by Members. Members of the Association shall have access to Association records in accordance with Article 3 (commencing with Section 8330) of Chapter 13 of Part 3 of Division 2 of Title 1 of the Corporations Code. The members of Association shall have the same access to the operating rules of the Association as they have to the accounting books and records of the Association. The Condominium Project Documents, the membership register (including names, telephone numbers, mailing addresses, and voting rights), books of account, minutes of meetings of the Association, Board, and committees and operating rules shall be made available for inspection and copying by any Member of the Association, or by his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a Member, at the office of the Association or at such other place within the Condominium Project as the Board may prescribe.

6.02 Rules for Inspection. The Board shall establish reasonable 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 documents requested by a Member.

6.03 Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents at reasonable charge.

ARTICLE VII

DISCIPLINING OF MEMBERS BY THE ASSOCIATION.

7.01 Abridgement of Use of Common Area. The Board of Directors is hereby prohibited, in accordance with Section 2792.26 of the California Code of Regulations, from causing a forfeiture or abridgement of an Owner's right to the full use and enjoyment of his Unit on account of the failure of the Owner to comply with the provisions of the governing instruments or of the duly enacted rules of operation for common areas and facilities except by judgement 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 duly levied by the Association.

7.02. Monetary Penalties; Temporary Suspensions. The Board of Directors is hereby authorized to impose monetary penalties, temporary suspensions of an Owner's rights as a member of the Association, or other appropriate discipline for failure to comply with the governing instruments provided that the procedures for notice and hearing, satisfying the minimum requirements of Section 7341 of the Corporations Code and Section 1363 of the Civil Code are followed with respect to the accused member before a decision to impose discipline is reached.

7.03. Treatment of a Monetary Penalty. A monetary penalty 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 and facilities for which the member was allegedly responsible or in bringing a member and his Unit in compliance with the governing instruments may not be characterized nor treated in the governing instruments as an assessment which may become a lien against the members Unit enforceable by a sale of the Unit in accordance with the provisions of Sections 2924, 2924 (b) and 2924 (c) of the Civil Code. The provisions of this Section 7.03 do not apply to charges imposed against an Owner consisting of reasonable late pay payment penalties for delinquent assessments and/or charges to reimburse the Association for the loss of interest and for costs reasonably incurred (including attorneys' fees) in its effort to collect delinquent assessments.

ARTICLE VIII

OPERATING RULES

8.01. Civil Code Requirements. The Association shall comply with the requirements of Civil Code Section 1357.100 to 1357.400, inclusive.

8.02. Operating Rules.
In accordance with Civil Code Section 1357.110, the following terms shall apply to this ARTICLE VIII:

(a) "Operating Rule" means a regulation adopted by the Board of Directors of the Association that applies generally to the management and operation of the common interest development or to the conduct and affairs of the association.

(b) "Rule Change" means the adoption, amendment, or repeal of an operating rule by the Board of Directors of the Association.

8.03. Valid and Enforceable Rule.
In accordance with Civil Code Section 1357.110, an operating rule is valid and enforceable only if all of the following requirements are satisfied:

(a) The rule is in writing.

(b) The rule is within the authority of the Board of Directors of the Association conferred by law or by the Declaration, Articles of Incorporation or Bylaws of the Association.

(c) The rule is not inconsistent with governing law and the Declaration, Articles of Incorporation and Bylaws of the Association.

(d) The rule is adopted, amended or repealed in good faith and in substantial compliance with the requirements of this article.

(e) The rule is reasonable.

8.04. Applicability of Rule.

In accordance with Civil Code Section 1357.120, the foregoing only apply to an operating rule that relates to one (1) or more of the following subjects:

- (a) Use of the Common Area or of an Exclusive Use Common Area.
- (b) Use of a separate interest, including any aesthetic or architectural standards that govern alteration of a separate interest.
- (c) Member discipline, including any schedule of monetary penalties for violation of the governing documents and any procedure for the imposition of penalties.
- (d) Any standards for delinquent assessment payment plans.
- (e) Any procedures adopted by the Association for resolution of assessment disputes.

8.05. Notification Procedures.

In accordance with Civil Code Section 1357.130, the Board of Directors shall provide written notice of a proposed rule change to the members at least thirty (30) days before making the rule change. The notice shall include the text of the proposed rule change and a description of the purpose and effect of the proposed rule change. Notice is not required under this subdivision if the Board of Directors determines that an immediate rule change is necessary to address an imminent threat to public health or safety or imminent risk of substantial economic loss to the Association.

- (a) A decision of a proposed rule change shall be made at a meeting of the Board of Directors, after consideration of any comments made by Association members.
- (b) As soon as possible after making a rule change, but not more than fifteen (15) days after making the rule change, the Board of Directors shall deliver notice of the rule change to every association member. If the rule change was an emergency rule change made under subdivision (a), the notice shall include the text of the rule change, a description of the purpose and effect of the rule change, and the date the rule change expires.

(c) If the Board of Directors determines that an immediate rule change is required to address an imminent threat to public health or safety, or an imminent risk of substantial economic loss to the association, it may make an emergency rule change; and no notice is required, as specified in subdivision (a). An emergency rule change is effective for one hundred twenty (120) days, unless the rule change provides for a shorter effective period. A rule change adopted under this subdivision may not be readopted under this subdivision.

8.06. Reversal of Rule Change.

In accordance with Civil Code Section 1357.140, members of an Association owning five percent (5%) or more of the separate interests may call a special meeting of the members to reverse a rule change.

(a) A special meeting of the members may be called by delivering a written request to the president or secretary of the Board of Directors, after which the Board shall deliver notice of the meeting to the Association's members and hold a meeting in conformity with Section 7511 of the Corporations Code. The written request may not be delivered more than thirty (30) days after the members of the Association are notified of the rule change. Members are deemed to have been notified of a rule change on delivery of notice of the rule change, or on enforcement of the resulting rule, whichever is sooner. For the purposes of Section 8330 of the Corporations Code, collection of signatures to call a special meeting under this section is a purpose reasonably related to the interests of the members of the Association. A member may request to copy or inspect the membership list solely for that purpose and may not be denied on the grounds that the purpose is not reasonably related to the member's interests as a member.

(b) The rule change may be reversed by the affirmative vote of a majority of the votes represented and voting at a duly held meeting at which a quorum is present (which affirmative votes also constitute a majority of the required quorum), or if the Declaration or Bylaws require a greater proportion, by the affirmative vote or written ballot of the proportion required. In lieu of calling the meeting described in this section, the Board may distribute a written ballot to every member of the Association in conformity with the requirements of Section 7513 of the Corporations Code.

(c) Unless otherwise provided in the Declaration or Bylaws, for the purposes of this section, a member may cast one (1) vote per separate interest owned.

(d) A meeting called under this section is governed by Chapter 5 (commencing with Section 7510) of Part 3 of Division 2 of Title 1 of and Section 7612 and 7613 of, the Corporations Code.

(e) A rule change reversed under this section may not be readopted for one (1) year after the date of the meeting reversing the rule change. Nothing in this section precludes the Board of Directors from adopting a different rule on the same subject as the rule change that has been reversed.

(f) As soon as possible after the close of voting, but not more than fifteen (15) days after close of voting, the Board of Directors shall provide notice of the results of a member vote held pursuant to this section to every member. Delivery of notice under this subdivision is subject to Section 1350.7

(g) This section does not apply to an emergency rule change made under subdivision (d) of Civil Code Section 1357.130.

8.07. Validity of Rule Change.
In accordance with Civil Code Section 1357.150, this Article shall apply to a rule change commenced on or after January 1, 2004.

(a) Nothing in this Article affects the validity of a rule change commenced before January 1, 2004.

(b) For the purposes of this section, a rule change is commenced when the Board of Directors of the Association takes its first official action leading to adoption of the rule change.

8.08. Applicability of Sections 1357.130 and 1357.140.
In accordance with Civil Code Section 1357.120 (b), Sections 1357.130 and 1357.140 do not apply to the following actions by the Board of Directors:

(a) A decision regarding maintenance of the common area.

(b) A decision on a specific matter that is not intended to apply generally.

ARTICLE XIX

NONCOMMERCIAL SIGNS, POSTERS, FLAGS OR BANNERS

9.01. Prohibitions on restrictions.

In accordance with Civil Code Section 1353.6, the governing documents, including the operating rules, may not prohibit posting or displaying of noncommercial signs, posters, flags, or banners on or in an owner's separate interest, except as required for the protection of public health or safety or if the posting or display would violate a local, state or federal law.

(a) For purposes of this section, a noncommercial sign, poster, flag or banner may be made of paper, cardboard, cloth, plastic, or fabric and may be posted or displayed from the yard, window, door, balcony, outside wall of the separate interest, but may not be made of lights, roofing, siding, paving materials, flora, or balloons, or any other similar building, landscaping or decorative component, or include the painting of architectural surfaces.

(b) An Association may prohibit noncommercial signs and posters that are more than nine (9) square feet in size and noncommercial flags or banners that are more than fifteen (15) square feet in size.

ARTICLE X

MISCELLANEOUS

10.01 Committees. The Board of Directors shall appoint an Architectural Control Committee, as provided in the Declaration and a Nominating Committee, as provided in the Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purposes.

10.02 Assessments. Regular and special assessments levied pursuant to the Restrictions are delinquent fifteen (15) days after they become due. If an assessment is delinquent, the Association may recover all of the following:

(a) Reasonable costs incurred in collecting the delinquent assessment, including reasonable attorney's fees.

(b) A late charge not exceeding ten percent (10%) of the delinquent assessment or ten dollars (\$10.00), whichever is greater.

(c) Interest on all sums imposed in accordance with the section, including the delinquent assessment, reasonable costs of collection, and late charges, at an annual percentage rate not to exceed twelve percent (12%) interest, commencing thirty days after the assessment becomes due. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Unit.

10.03 Amendments. Prior to close of escrow on the sale of the first Unit, the Declarant may amend these Bylaws with the consent of the Department of Real Estate. After of sale of the first Unit these Bylaws may be amended only by the affirmative vote (in person or by proxy) or written consent of Members representing a majority of the total voting power 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 each class 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 vote required for action to be taken under that clause. So long as there is a Class B membership any amendment to these Bylaws shall be submitted to and approved by the VA/FHA, as applicable.

10.04 Conflicts. In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control. In case any of these Bylaws conflict with the provisions of the Common Interest Development Act of the State of California, the provisions of said statute shall control.

IN WITNESS WHEREOF, I, the undersigned do hereby certify that I am the Incorporator of the PALM TERRACE MAINTENANCE CORPORATION, that I assent to the within and foregoing Bylaws, the provisions of Corporations Code Section 7134, and I have subscribed my name to these Bylaws on this 12th day of January, 2007.

Brian D. Greenberg, Esq.
Incorporator

RATIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and the acting Secretary of the PALM TERRACE MAINTENANCE CORPORATION, a California nonprofit mutual benefit corporation.

That the foregoing Bylaws constitute the original Bylaws of said Association, as previously adopted by the Incorporator on January 12, 2007 pursuant to Corporations Code Section 7134.

That the adoption of the forgoing Bylaws by the Incorporator was ratified at a meeting of the Board of Directors of the Association held on the 12th day of January, 2007.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 12th day of January, 2007.

Secretary



Property Management Consultants, Inc.

MEMBER IREM, CAI, CACM, & SAN DIEGO BOARD OF REALTORS

PALM TERRACE MAINTENANCE CORPORATION

2012 BUDGET AND REQUIRED FISCAL DISCLOSURE PACKET (CIVIL CODE 1365)

TO: MEMBERS, PALM TERRACE MAINTENANCE CORPORATION

October 10, 2011

In accordance with *California Civil Code 1365: Annual Financial Statements and Required Disclosures*, the Board of Directors has a fiduciary duty and responsibility to distribute a budget to the members each year along with other required fiscal disclosures no later than thirty (30) days prior to the fiscal year end, which is December 31st.

Please note: there will be no increase in the HOA assessments beginning January 1, 2012.

2BUDGET AND REQUIRED FISCAL DISCLOSURE PACKET (CIVIL CODE 1365) TABLE OF CONTENTS:

Page 1	2012 BUDGET
Page 2 & 3	DELINQUENT ASSESSMENT COLLECTION POLICY (Enclosure 1)
Page 4 & 5	ADDITIONAL DELINQUENCY COLLECTION REQUIREMENTS (ASSESSMENTS & NON JUDICIAL FORECLOSURE, PAYMENTS, MEETINGS AND PAYMENT PLANS) (Enclosure 1A)
Page 6	ALTERNATIVE DISPUTE RESOLUTION (Enclosure 2)
Page 7 & 8	ANNUAL ASSOCIATION INSURANCE DISCLOSURE (Enclosure 3) California Civil Code 1365 requires that an association distribute a summary of the terms of the association's General Liability policy, Property Insurance, Earthquake and/or Flood insurance (optional - if any.) The enclosed form lists the required information.
Page 9 & 10	ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY (Enclosure 4) California Civil Code states that the association have a reserve study performed every three (3) years.
Page 11	OPEN MEETING ACT (CIVIL CODE 1363.05) AND MINUTES AND FINANCIALS (Enclosure 5)
Page 12	VIOLATION PROCEDURE & MONETARY FINE SCHEDULE (Enclosure 6)
Page 13 - 18	DISCLOSURE FOR APPROVAL TO MAKE PHYSICAL CHANGES (ARCHITECTURAL REQUEST RESTRICTIONS PER CC&Rs) (Enclosure 7)
Page 19	ARCHITECTURAL REQUEST FORM (Enclosure 8)

Respectfully submitted by,

Teresa Prescher, CMCA, AMS, CID Manager
Certified Manager of Community Associations (CMCA)
Association Management Specialist (AMS)
Certified Common Interest Development (CID) Manger
Property Management Consultants, Inc.
3511 Camino Del Rio S. #206
San Diego, CA 92108
Phone: (619) 528-4200, ext. 114
Fax: (619) 282-6500
Teresa@pmchoa.com

Enclosures

MISSION VALLEY
3511 Camino Del Rio South, Suite 206
San Diego, California 92108
(619) 528-4200

RANCHO BERNARDO
11717 Bernardo Plaza Ct., Suite 220
San Diego, California 92129
(858) 465-9811

PALM TERRACE MAINTENANCE CORPORATION #511
2012 BUDGET
JANUARY 1, 2012 - DECEMBER 31, 2012

	2011 Monthly Income	2012 Monthly Income	2012 Yearly Income	\$ Change
Income:				
4110 Association Fees	\$ 5,178.00	\$ 5,178.00	\$ 62,136.00	\$ -
Total Income:	\$ 5,178.00	\$ 5,178.00	\$ 62,136.00	\$ -

	2011 Monthly Budget	2012 Monthly Budget	2012 Yearly Budget	\$ Change
Administrative Expenses:				
5120 Miscellaneous Administration	\$ 70.00	\$ 138.00	\$ 1,656.00	\$ 68.00
5125 Education	\$ 28.00	\$ -	\$ -	\$ (28.00)
5140 Audit and Tax Preparation	\$ -	\$ -	\$ -	\$ -
5150 Management/Accounting Fee	\$ 500.00	\$ 515.00	\$ 6,180.00	\$ 15.00
5170 Reserve Study	\$ 25.00	\$ 25.00	\$ 300.00	\$ -
5180 Legal Fees	\$ 504.00	\$ 504.00	\$ 6,048.00	\$ -
5630 Federal Taxes	\$ 9.00	\$ 9.00	\$ 108.00	\$ -
5640 State Taxes	\$ 4.00	\$ 4.00	\$ 48.00	\$ -
5860 Fire/Liability Insurance	\$ 341.00	\$ 341.00	\$ 4,092.00	\$ -
Total Administrative Expenses:	\$ 1,481.00	\$ 1,536.00	\$ 18,432.00	\$ 55.00

Common Area Expenses:				
6080 Landscape Contract	\$ 180.00	\$ 180.00	\$ 2,160.00	\$ -
6085 Landscape Repairs & Supplies	\$ -	\$ -	\$ -	\$ -
6200 Pest Control	\$ -	\$ -	\$ -	\$ -
6300 Misc. Common Area Maintenance	\$ 112.00	\$ 112.00	\$ 1,344.00	\$ -
6320 Plumbing Repairs	\$ -	\$ -	\$ -	\$ -
5330 Streets, Drives, Parking Areas	\$ 35.00	\$ 35.00	\$ 420.00	\$ -
6340 Access Control, Gates, Intercom	\$ 132.00	\$ 132.00	\$ 1,584.00	\$ -
6380 Fire Prevention	\$ 10.00	\$ 10.00	\$ 120.00	\$ -
6400 Contingency	\$ 246.00	\$ 246.00	\$ 2,952.00	\$ -
Total Common Area Expenses:	\$ 715.00	\$ 715.00	\$ 8,580.00	\$ -

Utilities:				
6010 Electricity	\$ 227.00	\$ 665.00	\$ 7,980.00	\$ 438.00
6020 Gas	\$ 714.00	\$ 450.00	\$ 5,400.00	\$ (264.00)
6030 Water/Sewer	\$ 1,379.00	\$ 1,292.00	\$ 15,504.00	\$ (87.00)
6140 Rubbish Removal	\$ 302.00	\$ 160.00	\$ 1,920.00	\$ (142.00)
Total Utilities:	\$ 2,622.00	\$ 2,567.00	\$ 30,804.00	\$ (55.00)

6500 Reserve Allocation:	\$285.00	\$285.00	\$ 3,420.00	\$ -
Total Expenses:	\$ 5,103.00	\$ 5,103.00	\$ 61,236.00	\$ -

This 2012 budget is based on actual and estimated expenses, with no increase in the HOA assessments beginning January 1, 2012.

PALM TERRACE MAINTENANCE CORPORATION
DELINQUENT ASSESSMENT COLLECTION POLICY
FISCAL YEAR 2012

The *Palm Terrace Maintenance Corporation* is responsible for managing and operating the common areas of the community and collecting the homeowner assessments. The timely collection of assessments from all homeowners is vitally important to the management and operation of the community, and to the preservation of property values. Pursuant to California Civil Code Section 1365(e), the Association has adopted the following policy for collecting delinquent assessments.

1. Regular assessments shall be paid monthly. Each regular assessment is due on the first (1st) day of the month. Any regular assessment not paid on or before the **fifteenth (15th)** of the month shall be delinquent. Any special assessment levied shall be delinquent if not paid by fifteen (15) days after the date due. An assessment is considered paid the day the payment is **received** by the Association or its designated agent. **Postmarks are not considered.**

A **late charge** of ten percent (**10%**) shall be applied to the entire delinquent amount when an assessment becomes delinquent. Any assessment not paid by the thirtieth (30th) day after it is due shall accrue interest at a rate of twelve percent (12%) per annum. Interest shall also accrue on late charges and costs of collection. To simplify monthly accounting, the Association may choose not to compute interest on small delinquencies. However, if the Association takes action against an owner to collect delinquent assessments, the Association will compute, to the fullest extent permitted by law and the Association's governing documents, the interest due from the date of the first delinquency and will add that interest to the delinquent owner's balance. If a check is returned for insufficient funds, the owner will be charged a non-sufficient funds (NSF) charge of not less than **\$35.00**. Post-dated checks will not be accepted. The terms "Member", "Homeowner" and "Owner" are interchangeable.
2. Upon an account becoming delinquent in the amount of at least two regular or special assessments, the Association or its designated agent will mail a notice (**Pre-lien Letter**) pursuant to California Civil Code Section 1367.1 to the Member to pay the account in full or a lien will be recorded against the owner's property. Owners have the right to request validation of the debt. A pre-lien letter charge of not less than **\$95.00** will be added to the Member's account. Should the owner fail to bring the account current pursuant to the Association's demand (Pre-lien Letter), the Association will cause an assessment lien (also known as "Notice of Delinquent Assessment") to be recorded against the owner's property.
3. When a **Lien** is recorded a lien charge of not less than **\$295.00** will be added to the Owner's account. Within ten (10) days after a lien is recorded for delinquent assessments, the Association or its designated agent will mail a copy of the lien to all record owners of the property as set forth in California Civil Code Section 1367.1.
4. The Board of Directors has the option of sending a **Pre-foreclosure Letter** of notice to the member 30 days before sending the delinquent account to an agent for foreclosure action and if done so, a pre-foreclosure letter charge of not less than **\$85.00** will be added to the member's account.
5. If the member has a dispute with the charges, the Association is required to provide notice to the member that the member may resolve the dispute through Alternative Dispute Resolution, civil action or other procedures available through the Association. An owner may submit a written request to meet with the board to discuss a Payment Plan. In the event of a default of the payment plan by the member, the Association has the right to resume collection of the delinquent assessments from the time prior to entering into the payment plan. The fee to set up and monitor a **payment plan** shall be not less than **\$65.00**.

**PALM TERRACE MAINTENANCE CORPORATION
DELINQUENT ASSESSMENT COLLECTION POLICY (CONTINUED)
PAGE 2 OF 2
FISCAL YEAR 2012**

6. If an assessment account remains delinquent following recordation of a lien, the Association or its designated agent will diligently proceed with foreclosure pursuant to California Civil Code Section 1367.1 and 1367.4. Once **foreclosure is commenced**, no partial payments will be accepted on an assessment account. An Administrative Foreclosure Fee of not less than **\$150.00** will be added to the Owner's account when it is turned over to an agent for foreclosure action. In lieu of foreclosure, or concurrently, a lawsuit may be filed against the owner personally if the Association concludes such action will enhance the prospect of recovering the delinquent assessments, or will otherwise be in the best interests of the Association.
7. Owners have a right to submit secondary addresses to the Association for purposes of collection notices, which shall be done by the owner in writing and by a method of mail verifying receipt (i.e. certified mail, return receipt requested.)
8. All collection actions will comply with the applicable provisions of the Davis-Stirling Common Interest Development Act, California Civil Code Section 1350, et seq.
9. All attorneys' fees, costs, late charges, interest, penalties, fines, charges and expenses billed to the Association for any of the above activities shall be added to the owner's account and shall become the liability of the owner.
10. Monetary payments received from an Owner will be credited to balances on the Owner's account in the following order:
 1. Emergency assessments
 2. Special Assessments
 3. Regular Assessments
 4. Monetary penalties or fines
 5. Late charges
 6. Legal
11. A copy of this collection policy shall be sent annually to all owners within the thirty (30) to ninety (90) day period immediately preceding the beginning of the Association's fiscal year pursuant to California Civil Code Section 1365(e).
12. In general, the Association's Board intends to take whatever actions are authorized by law and the Association's governing documents to collect assessments. If the Board elects to use practices, procedures or notices, which exceed those required by law or under the governing documents, it does so without waiving the Association's right to exercise collection remedies to the fullest extent permissible. Any additional notices or time periods the Association might use are extended solely as a courtesy. No Owner shall be entitled to expect longer time limits or notices other than those that are required by law or the governing documents. **Billing statements are a courtesy. Owners are responsible for making payments on time, whether or not a statement is received.**
13. This collection policy is in effect and was approved by the Board at the October 14, 2010 Board of Directors meeting.

**TO: ALL BOARD MEMBERS AND MEMBERS,
PALM TERRACE MAINTENANCE CORPORATION**

**RE: ADDITIONAL DELINQUENCY COLLECTION
REQUIREMENTS (EFFECTIVE JANUARY 1, 2003.)**

FISCAL YEAR: 2012

NOTICE OF ASSESSMENTS AND FORECLOSURE:

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

ASSESSMENTS AND NON-JUDICIAL FORECLOSURE:

The failure to pay association assessments may result in the loss of an owner's property without court action, often referred to as nonjudicial foreclosure. When using nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the lien is not paid. Assessments become delinquent **fifteen (15)** days after they are due, unless the governing documents of the association provide for a longer time. (Sections 1366 and 1367.1 of the Civil Code.)

In a non-judicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney fees, late charges and interest. The association may not use non-judicial foreclosure to collect fines or penalties, except for costs to repair common areas damaged by a member or a member's guest(s), if the governing documents provide for this. (Sections 1366 and 1367.1 of the Civil Code.)

The association must comply with the requirements of Section 1367.1 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 1367.1 of the Civil Code.)

At least thirty (30) days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail. Among these documents, the association must send a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has the right to review the association's records to verify the debt. (Section 1367.1 of the Civil Code.)

Continued on next page...

**PALM TERRACE MAINTENANCE CORPORATION
ADDITIONAL DELINQUENCY COLLECTION REQUIREMENTS
(CONTINUED)
FISCAL YEAR 2012
PAGE 2 OF 2**

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and provide an owner certain documents in this regard. (Section 1367.1 of the civil code.)

The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

HOMEOWNER ASSESSMENT PAYMENTS:

When an owner makes an assessment payment, he or she may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. (Section 1367.1 of the Civil Code.)

An owner may dispute an assessment debt by giving the Board of Directors of the association a written explanation, and the Board must respond within fifteen (15) days if certain conditions are met. An owner may pay assessments that are in dispute in full under protest and may choose to request alternative dispute resolution. (Sections 1366.3 and 1367.1 of the Civil Code.)

An owner is not liable for charges, interest and costs of collections, if it is established that the assessment was paid properly on time. (Section 1367.1 of the Civil Code.)

HOMEOWNER ASSOCIATION MEETINGS AND PAYMENT PLANS:

An owner of a separate interest that is not a time-share may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if they exist. (Section 1367.1 of the Civil Code.)

The Board of Directors must meet with an owner who makes the proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. The payment plans must conform with the payment plan standards of the association, if they exist. (Section 1367.1 of the Civil Code.)

Enclosure 2

TO: MEMBERS, PALM TERRACE MAINTENANCE CORPORATION
RE: LAW REGARDING DISPUTES BETWEEN HOMEOWNER ASSOCIATION AND ASSOCIATION MEMBERS (FISCAL YEAR 2012)

On January 1, 1994, a new law amending section 1354 of the civil code went into effect. The law requires certain disputes between a homeowners' association and a member of the association to be submitted to some form of "Alternative Dispute Resolution" ("ADR") before a lawsuit can be filed. This new law affects you if you have a dispute with the Association and also applies to disputes between members of the association which relate to the association's "Governing Documents," which includes: the *Declaration of Restrictions (CC&Rs: Covenants, Conditions and Restrictions)*, *Bylaws* and *Rules and Regulations* (if the association has adopted separate rules and regulations aside from the *Use Restrictions* provisions in the *CC&Rs*.)

"Alternative Dispute Resolution" ("ADR") is a concept which the legislature, the governor and the courts have embraced, both to reduce court congestion, and in recognition that the courts are ill equipped to handle certain types of disputes. ADR includes mediation, arbitration and other types of non-court means of resolving disputes. The new law applies only to two types of cases, and only if the money damage relief requested in connection with those types of cases is less than **\$5,000.00**. The first type of case is "declaratory relief," which is a type of case where the court is being asked to declare or interpret the parties' rights and obligation under one or more of the governing documents. For example, requesting the court to determine whether a particular restriction is enforceable or not. The second type of case to which the new law applies is "injunction relief," which is a type of case where the court is being asked to declare or interpret the parties' rights and obligation under one or more of the governing documents. For example, requesting the court to determine whether a particular restriction is enforceable or not. The second type of case to which the new law applies is "injunction relief." In such a case the court is being requested to order a party to do something, or stop doing something. For example, the association asking the court to order that an owner stop building an unauthorized addition and to take down what has been constructed.

The new law does not apply to cases where only money damages are sought, nor does the law apply to assessment collections. Under the new law, ADR may either be binding or non-binding at the option of the parties.

The ADR procedure is commenced by serving upon the other party an offer to submit the dispute to ADR, called a "Request for Resolution." The request must include:

1. **A brief description of the dispute.**
2. **A request for "Alternative Dispute Resolution."**
3. **A notice that the party receiving the request must respond to the request within thirty (30) days or it will be deemed rejected.**
4. **A copy of section 1354 of the California Civil Code.**

The request may be personally delivered, however; sending the request via certified mail with a return receipt may be acceptable.

If the other party receiving the "Request for Resolution" agrees to ADR, the procedure must be completed within **ninety (90) days**. If the offer is refused or if there is no response within **thirty (30) days**, the party making the offer may file its lawsuit. Refusing to participate in ADR carries a risk. If there is a refusal, the court, at the conclusion of any lawsuit that is filed, may consider a party's refusing to participate in ADR in determining the amount of attorney fees to award. Thus, a party refusing to participate in ADR could win the lawsuit, but the attorney fees it might otherwise be entitled to may be reduced because of the refusal to participate in ADR.

The new law has a number of other technical provisions and requirements, and several uncertainties and ambiguities. The document should be read in its entirety and discussed with your legal counsel before any lawsuit is filed. The law requires that the association shall annually distribute a summary of the law to its members, and such summary shall include the following language:

"Failure of any member of the association to comply with the pre-filing requirements of Section 1354 of the Civil Code may result in the loss of your rights to sue to association or another member of the association regarding enforcement of the governing documents."

PALM TERRACE MAINTENANCE CORPORATION

ANNUAL ASSOCIATION INSURANCE DISCLOSURE TO MEMBERSHIP

TO: MEMBERS, PALM TERRACE MAINTENANCE CORPORATION

FROM: BOARD OF DIRECTORS, PALM TERRACE MAINTENANCE CORPORATION

RE: REQUIRED DISCLOSURES CONCERNING ASSOCIATION INSURANCE (FISCAL YEAR 2012)

California Civil Code Section 1365 requires that the Association send an insurance disclosure statement to each of its members not less than **thirty (30)** days and nor more than **ninety (90)** days preceding the beginning of the association's fiscal year, unless the Association's governing documents provide a more stringent time frame. Accordingly, the Association is providing you the following information in compliance with the Civil Code:

Name of Insurer: Travelers Insurance Company
Type of Insurance: General Liability
Policy Limits: \$2,000,000.00
Deductible Amount, if any: N/A

Name of Insurer: Travelers Insurance Company
Type of Insurance: Common Area Property of the Association
(Fire/Casualty/Hazard)
Policy Limits: \$2,316,577.00
Deductible Amount, if any: \$5,000.00

Name of Insurer: Travelers Insurance Company
Type of Insurance: Directors and Officers
Policy Limits: \$1,000,000.00
Deductible Amount, if any: N/A

Earthquake Insurance: None (Optional)

Flood Insurance: None (Optional)

All policies are for the period of October 8, 2011 to October 8, 2012.

Continued on next page...

**PALM TERRACE MAINTENANCE CORPORATION
ANNUAL ASSOCIATION INSURANCE DISCLOSURE TO MEMBERSHIP (CONTINUED)
FISCAL YEAR 2012
PAGE 2 OF 2**

"This summary of the association's policies of insurance provides only certain information, as required by subdivision (e) of Section 1365 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance itemized in this summary, the association's policies of insurance may not cover your property, including personal property or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance brokers or agents for appropriate additional coverage."

RECOMMENDATIONS:

Resident owners and non-resident owners alike should purchase an insurance policy to cover personal property and liability (i.e. an individual homeowners' insurance policy). You may want to inquire with your insurance agent about loss assessment. If applicable, it is highly recommended that owners advise their tenants to carry personal insurance (i.e. renter's insurance.)

*Important: the homeowner associations' insurance policy does not cover your dwelling, loss of use, personal property or personal liability. The commercial master insurance policy for your homeowners association does not provide for loss of use, loss of earnings or additional living expenses that a unit owner may incur. Perils not insured include landslide, wear and tear, termites and dry rot.

INSURANCE CLAIMS & SERVICE:

Insurance claims should be filed through the associations' authorized Board of Directors' or the managing agent for the association, *Property Management Consultants, Inc.*

PALM TERRACE MAINTENANCE CORPORATION
FISCAL YEAR 2012

ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY

§1365.2.5 Assessment and Reserve Funding Disclosure Summary (operative as of July 1, 2006.)

(a) The disclosures required by this article in regard to an association or a property shall be summarized on the following form:

Homeowner Assessment and Reserve Funding Disclosure Summary:

(1) The current regular assessment per ownership interest is variable: \$146.00, \$169.00, \$211.00 and \$272.00.

(2) Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

Date Assessment is due:	Amount per ownership interest per month or year:	Purpose of the Assessment:
N/A	N/A	N/A
	Total:	

(3) Based upon the most recent reserve study and other information available to the board of directors, will current projected reserve account balances be sufficient at the end of each year to meet the associations' obligation for repair and/or replacement of major components during the next 30 years? **NO.**

(4) If the answer to (3) is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not yet been approved by the board or the members?

Approximate date assessment will be due:	Amount per ownership interest per month or year:
N/A	N/A

(5) All major components are included in the reserve study and are included in its calculations.

Continued on next page...

PALM TERRACE MAINTENANCE CORPORATION
1365.2.5 ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY
(CONTINUED)
FISCAL YEAR 2012
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(6) As of August 31, 2011 the balance in the reserve fund(s) was \$31,058.62. Based on the method of calculation in paragraph (4) of subdivision (b) of Section 1365.2.5, the estimated amount required in the reserve fund at the end of the current fiscal year is \$3,420.00.

NOTE: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change.

(b) For the purpose of preparing a summary pursuant to this section:

- (1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.
- (2) "Major component" has the meaning used in Section 1365.5. Components with an estimated remaining useful life of more than 30 years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary.
- (3) The form set out in subdivision (a) shall accompany each pro forma operating budget or summary thereof that is delivered pursuant to this article. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided.
- (4) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the board to fund reserves in accordance with this calculation.

TO: MEMBERS, PALM TERRACE MAINTENANCE CORPORATION

FROM: BOARD OF DIRECTORS, PALM TERRACE MAINTENANCE CORPORATION

RE: OPEN MEETING ACT (CIVIL CODE 1363.05) AND MINUTES AND FINANCIALS (FISCAL YEAR 2012)

OPEN MEETING ACT (CIVIL CODE 1363.05):

As per Civil Code 1363.05, the "Open Meeting Act," any member of the Association may attend meetings of the Board of Directors of the Association, except when the Board adjourns into "Executive Session."

BOARD OF DIRECTORS "EXECUTIVE SESSION":

The topics that require a Board "Executive Session" and are allowable by California law (Civil Code 1363.05) include:

1. *Personnel issues (i.e. employees of the association – if it applies.)*
2. *Contract negotiations and discussions (i.e. third parties.)*
3. *Lawsuits and other legal matters.*
4. *Governing document (i.e. CC&Rs/Rules & Regulations) violations (member discipline.)*
5. *Payment of assessments (upon the member's request.)*

The Board of Directors of the Association shall meet in "Executive Session," if requested by a member to discuss reasons why they may be subject to a violation fine, penalty or other form of member discipline and the member shall be entitled to attend the "Executive Session."

Any matter discussed in "Executive Session" shall be "generally" (i.e. confidentiality) noted in the minutes of the Board of Directors' meeting.

The members shall be given a minimum of a **four (4)** day notice as to the date, time and place of all Board of Director meetings.

MINUTES AND FINANCIALS:

The meeting minutes proposed for adoption that are marked to indicate "draft" status or a "summary" of the minutes, other than an "Executive Session," shall be made available to the members within **thirty (30)** days of the meeting.

The meeting minutes, proposed minutes or summary minutes shall be distributed to any member of the Association upon request and upon reimbursement of the Association's cost for making that distribution, to include postage.

Any member may also request a copy of the associations' latest financial statement. Upon the member's receipt of the requested financial statement, the member will be charged for the cost of the Association to make photocopies and postage.

PALM TERRACE MAINTENANCE CORPORATION

VIOLATION PROCEDURE AND FINE SCHEDULE

"Pursuant to California Civil Code Section 1354, the following procedures will apply to all violations and infractions of the governing documents and rules and regulations. Owners may report violations to the management company or Board of Directors by submitting a notice describing the violation. The Board of Directors, management company or committees appointed by the Board may also note any violations discovered during walk-throughs or by personal knowledge of any of its members or representatives."

AT THE TIME A VIOLATION IS NOTED OR REPORTED, ACTION WILL BEGIN AS FOLLOWS:

1. A first notice to correct the violation will be sent by the management company or Board of Directors. The notice will contain a description of the violation and instructions regarding response to the notice and correction of the violation. The owner will be notified that a fine will be assessed for non-compliance.
2. If the violation continues, or if the response is otherwise unsatisfactory after the first notice, the owner will receive a notice of a monetary penalty and be afforded an opportunity to appear before the Board by appearing personally. The hearing date shall be set at least ten (10) days before the hearing by the Board as to the date, time and place and mailed to the owner with the second notice. The notice shall be mailed by first class mail to the owner at the last known address shown on the Associations records. If the owner does not appear as requested, the fine shall be levied as prescribed.
3. If the violation continues, or if the response is otherwise unsatisfactory, even after the imposition of a monetary penalty, the Board or its appointed committee may impose additional or continuing fines until such time as the matter is satisfactorily resolved.
4. If the violation continues, the Board may refer the matter to the Association's legal counsel and expense incurred will be the responsibility of the owner. If a lawsuit is filed, the homeowner may be liable for the Association's legal costs and fees.
5. If the violation is committed by a tenant or lessee, the Association's primary course of action shall be against the owner. The Board may, in its discretion, also provide notification to the tenant or lessee of the violation and of any hearing dates. However, the Association shall not be obligated to do so.

VIOLATION FINE SCHEDULE:

Fines for the first time violation(s) shall be levied in accordance with the following schedule as a minimum

Hazardous Activities (Any action that would harm or place in danger any resident or property)	\$100.00
Vehicle and Parking Restrictions	\$25.00
Use Restrictions: (Common areas)	\$25.00
Noise and Obnoxious Activity (Anything heard outside your unit)	\$25.00
Any violation of the By Laws, CC&R's or Rules and Regulations not specifically mentioned	\$50.00
Unauthorized Improvements to Property Per Discretion of the Board Minimum	\$100.00

Fines shall be assessed in addition to any applicable cost of repair or other reimbursement of any costs incurred by the Association. Fines for continuing or repeat violations will be doubled with each similar offense.

ARTICLE IV

4. Architectural Review Committee.4.1. Members of Committee.

The Architectural Review Committee, sometimes referred to herein as the "Architectural Committee" or the "Committee," shall be comprised of three (3) members. The initial members of the Committee shall be representatives of Declarant until one (1) year after the original issuance of the first (or only) Final Subdivision Public Report ("Public Report") for the Property ("First Anniversary"). After the First Anniversary the Board may appoint and remove one (1) member of the Committee, and the Declarant shall have the right and power at all times to appoint or remove a majority of the members of the Committee or to fill any vacancy of such majority, until the earlier to occur of (i) Close of Escrow for the sale of ninety percent (90%) of the Condominiums then subject to this Declaration, or (ii) expiration of five (5) years following the date of original issuance of the first (or only) Final Subdivision Public Report for the Property, after which the Board shall have the power to appoint and remove all of the members of the Committee. Committee members appointed by the Board shall be from the membership of the Association, but Committee members appointed by Declarant need not be Members of the Association. The Committee shall have the right and duty to promulgate reasonable standards against which to examine any request made pursuant to this Article, in order to ensure that the proposed plans conform harmoniously to the exterior design and existing materials of the buildings in the Property. Board members may also serve as Committee members.

4.2. Review of Plans and Specifications.

The Committee shall consider and act upon any and all plans and specifications submitted for its approval under this Declaration and perform such other duties as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with plans approved by the Committee. No construction, alteration, removal, relocation, demolition, repainting, addition, installation, modification, decoration, redecoration or reconstruction of an Improvement, including landscaping, in the Property shall be commenced or maintained, until the plans and specifications therefor showing the nature, kind, shape, height, width, color, materials and location of the same shall have been submitted to the Committee and approved in writing by the Committee; provided, however, that any Improvement may be repainted without Committee approval so long as the Improvement is repainted the identical color which it was last painted. Without limiting the generality of the foregoing, the provisions of this Article IV apply to the construction, installation, alteration and modification of solar energy systems, as defined in Section 801.5 of the California Civil Code, subject to the provisions of California Civil Code Section 714, the City Building Code, applicable zoning regulations, and associated City ordinances. The Owner submitting the plans and specifications ("Applicant") shall obtain a written, dated receipt therefor from an authorized agent of the Committee. Until changed by the Board, the address for the submission of plans and specifications shall be the principal office of the Association. The Committee shall approve plans and specifications submitted for its approval only if it deems that the installation, construction, alterations or additions contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area of the Property as a whole, that the appearance of any structure affected thereby will be in harmony with the surrounding structures, that the construction thereof will not detract from the beauty, wholesomeness and attractiveness of the Common Area or the enjoyment thereof by the Members, and that the upkeep and maintenance thereof will not become a burden on the Association. Declarant, and any Person to which Declarant may assign all or a portion of its exemption hereunder, need not seek or obtain Architectural Committee approval of any construction, alteration, removal, relocation, demolition, repainting, addition, installation, modification, decoration, re-decoration, or reconstruction of an Improvement.

The Committee may condition its approval of proposals or plans and specifications for any Improvement (1) upon the Applicant's furnishing the Association with security acceptable to the Association against any mechanic's lien or other encumbrance which may be Recorded against the Property as a result of such work, (2) on such changes therein as it deems appropriate, (3) upon the Applicant's agreement to grant appropriate easements to the Association for the maintenance of the Improvements, (4) upon the Applicant's agreement to install (at its sole cost) water, gas, electrical or other utility meters to measure any increased consumption, (5) upon the Applicant's agreement to reimburse the Association for the cost of maintenance, (6) upon the Applicant's agreement to complete the proposed work within a stated period of time, or (7) all of the above, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The Committee may also issue rules or guidelines setting forth procedures for the submission of plans for approval, requiring a fee to accompany each application for approval, or stating additional factors which it will take into consideration in reviewing submissions. The Committee may provide that the amount of the fee shall be uniform, or that it be determined in any other reasonable manner, such as by the reasonable cost of the construction, alterations or additions contemplated. The Committee may require such detail in plans and specifications submitted for its review as it deems proper, including without limitation, floor plans, site plans, drainage plans, elevation drawings and description or samples of exterior material and colors. Until receipt by the Committee of any required plans and specifications, the Committee may postpone review of any plans submitted for approval. Decisions of the Committee and the reasons therefor shall be transmitted by the Committee to the Applicant at the address set forth in the application for approval within forty-five (45) days after receipt by the Committee of all materials required by the Committee. Any application submitted pursuant to this Section 4.2 shall be deemed approved unless written disapproval or a request for additional information or materials by the Committee shall have been transmitted to the Applicant within forty-five (45) days after the date of receipt by the Committee of all required materials. The Applicant shall meet any review or permit requirements of the City prior to making any alterations or Improvements permitted hereunder.

4.3. Meetings of the Committee.

The Committee shall meet from time to time as necessary to perform its duties hereunder. The Committee may from time to time, by resolution unanimously adopted in writing, designate a Committee Representative (who may, but need not, be one of its members) to take any action or perform any duties for and on behalf of the Committee, except the granting of variances pursuant to Section 4.8. In the absence of such designation, the vote or written consent of a majority of the Committee shall constitute an act of the Committee.

4.4. No Waiver of Future Approvals.

The approval of the Committee of any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the approval and consent of the Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent to any similar proposals, plans and specifications, drawings or matters subsequently or additionally submitted for approval or consent.

4.5. Compensation of Members.

The members of the Committee shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them in the performance of their duties hereunder.

4.6. Inspection of Work.

The Committee or its duly authorized representative may at any time inspect any work for which approval of plans is required under this Article IV ("Work"), which right to inspect shall include the right to require any Owner to take such action as may be necessary to remedy any noncompliance with the Committee-approved plans for the Work or with the requirements of this Declaration ("Noncompliance").

(a) Time Limit. The Committee's right to inspect the Work and notify the responsible Owner of any Noncompliance shall terminate sixty (60) days after the latest to occur of the following events: (i) submittal of the plans for the Work to the Committee for its approval as provided in this Article IV; (ii) completion of the Work as provided in the Committee-approved plans; and (iii) written notice from the Owner to the Committee that the Work has been completed. This time limit for inspection and notification by the Committee shall be extended indefinitely if any of these conditions has not occurred. If the Committee fails to send a notice of Noncompliance to an Owner before this time limit expires, the Work shall be deemed to comply with the approved plans.

(b) Remedy. If an Owner fails to remedy any Noncompliance within sixty (60) days from the date of notification from the Committee, the Committee shall notify the Board in writing of such failure. Upon Notice and Hearing, as provided in this Declaration, the Board shall determine whether there is a Noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a Noncompliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date that notice of the Board ruling is given to the Owner. If the Owner does not comply with the Board ruling within that period, the Board, at its option, may Record a Notice of Noncompliance and commence a lawsuit for damages or injunctive relief, as appropriate, to remedy the Noncompliance.

4.7. Scope of Review.

The Architectural Committee shall review and approve, conditionally approve or disapprove all plans submitted to it for any proposed Improvement, alteration or addition, solely on the basis of aesthetic considerations, consistency with this Declaration, and the overall benefit or detriment which would result to the immediate vicinity and the Property generally. The Committee shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features. The Committee's approval or disapproval shall be based solely on the considerations set forth in this Article IV, and the Committee shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building or other codes.

4.8. Variances.

The Committee may authorize variances from compliance with any of the architectural provisions of this Declaration, including without limitation, restrictions upon height, size, floor area or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental consideration may require. Such variances must be evidenced in writing, must be signed by a majority of the Committee, and shall become effective upon Recordation. After Declarant has lost the right to appoint a majority of the members of the Committee, the Board must approve any variance recommended by the Committee before any such variance shall become effective. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of the Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the use of the Residence.

4.9. Appeals.

For so long as Declarant has the right to appoint and remove a majority of the members of the Committee, decisions of the Committee shall be final, and there shall be no appeal to the Board of Directors. When Declarant is no longer entitled to appoint and remove a majority of the members of the Committee the Board may, at, its discretion, adopt policies and procedures for the appeal of Committee decisions for reconsideration by the Board. The Board shall have no obligation to adopt or implement any such appeal procedures, and in the absence of Board adoption of appeal procedures, all decisions of the Committee shall be final.

PALM TERRACE MAINTENANCE CORPORATION

ARCHITECTURAL REQUEST FORM

Members: please submit this request well in advance of the next Board meeting and allow at least a one (1) week after the meeting to receive a written response from the Board pertaining to your request. Approval from the Board must be granted in writing, prior to commencement of construction.

I hereby request approval of the installation of the following improvement(s) to my unit(s.) Describe the proposed improvement(s), attach a drawing and/or picture of construction, dimensions, type of material, location on the lot, contractor brochures, etc. (Please print legibly & use rear of this form if you need more space):

It is understood that the homeowner is responsible for any damage(s) done to the common area during and or after construction of improvements. It is further understood that it is the responsibility of the unit owner to maintain the improvements at standards set by the association in the future and is not the responsibility of the association. If the unit is sold, the purchaser must be notified of the improvement and their responsibility to maintain it. A building Permit must be obtained if required and comply with all city and county building codes.

NAME OF CONTRACTOR: _____

CONTACT NAME (CONTRACTOR): _____ TELEPHONE #: _____

PROPOSED DATE(S) OF CONSTRUCTION: _____

YOUR NAME: _____

YOUR ADDRESS & UNIT #: _____

YOUR PHONE # (Home): _____ (Work): _____ (Cell): _____

YOUR E-MAIL ADDRESS: _____

FOR BOARD OF DIRECTORS' USE (PLEASE DO NOT WRITE BELOW THIS LINE):

RECOMMENDATION: () APPROVED () DECLINED () MORE INFORMATION REQUESTED

BOARD MEMBER'S COMMENTS: _____

DATE: _____ BOARD MEMBER'S SIGNATURE: **X** _____

FULL NAME OF BOARD MEMBER: _____

FINAL APPROVAL AFTER COMPLETION & INSPECTION BY BOARD: () APPROVED () DECLINED

DATE: _____ BY: **X** _____
(Signature of Board Member above)

FULL NAME OF BOARD MEMBER: _____

PLEASE RETURN COMPLETED ARCHITECTURAL REQUEST FORM TO:

Palm Terrace Maintenance Corporation
C/o: Property Management Consultants, Inc.
3511 Camino Del Rio South #206
San Diego, CA 92108
Phone: (619) 528-4200
Fax: (619) 282-6500



RENEWAL CERTIFICATE

COMMON POLICY DECLARATIONS
CONDOMINIUM PAC
BUSINESS: CONDO 5-12

POLICY NO.: I-680-4987M414-ACJ-11
ISSUE DATE: 08-24-11

INSURING COMPANY:
TRAVELERS CASUALTY INSURANCE COMPANY OF AMERICA

1. NAMED INSURED AND MAILING ADDRESS:

PALM TERRACE MAINTENANCE
CORPORATION
C/O PCM
3511 CAMINO DEL RIO #206
SAN DIEGO CA 92108

2. POLICY PERIOD: From 10-08-11 to 10-08-12 12:01 A.M. Standard Time at your mailing address.

3. LOCATIONS:

PREM. NO.	BLDG. NO.	OCCUPANCY	ADDRESS (same as Mailing Address unless specified otherwise)
01	01	CONDO 5-12	4654 33RD ST SAN DIEGO CA 92116

4. COVERAGE PARTS AND SUPPLEMENTS FORMING PART OF THIS POLICY AND INSURING COMPANIES:

COVERAGE PARTS AND SUPPLEMENTS	INSURING COMPANY
Businessowners Coverage Part	ACJ
Directors & Officers Coverage Supplement	ACJ

5. The COMPLETE POLICY consists of this declarations and all other declarations, and the forms and endorsements for which symbol numbers are attached on a separate listing.

6. SUPPLEMENTAL POLICIES: Each of the following is a separate policy containing its complete provisions.

POLICY	POLICY NUMBER	INSURING COMPANY
--------	---------------	------------------

DIRECT BILL

7. PREMIUM SUMMARY:

Provisional Premium	\$	4,003.00
Due at Inception	\$	
Due at Each	\$	

NAME AND ADDRESS OF AGENT OR BROKER

COUNTERSIGNED BY:

LABARRE-OXSNEE INS VE609
30 ENTERPRISE STE 180
ALISO VIEJO CA 92656

Authorized Representative

DATE:





One Tower Square, Hartford, Connecticut 06183

BUSINESSOWNERS COVERAGE PART DECLARATIONS

CONDOMINIUM PAC

POLICY NO.: I-680-4987M414-ACJ-11

ISSUE DATE: 08-24-11

INSURING COMPANY:
TRAVELERS CASUALTY INSURANCE COMPANY OF AMERICA

POLICY PERIOD:
From 10-08-11 to 10-08-12 12:01 A.M. Standard Time at your mailing address.

FORM OF BUSINESS: CORPORATION

COVERAGES AND LIMITS OF INSURANCE: Insurance applies only to an item for which a "limit" or the word "included" is shown.

COMMERCIAL GENERAL LIABILITY COVERAGE

OCCURRENCE FORM	LIMITS OF INSURANCE	
General Aggregate (except Products-Completed Operations Limit)	\$	4,000,000
Products-Completed Operations Aggregate Limit	\$	4,000,000
Personal and Advertising Injury Limit	\$	2,000,000
Each Occurrence Limit	\$	2,000,000
Damage to Premises Rented to You	\$	300,000
Medical Payments Limit (any one person)	\$	5,000

BUSINESSOWNERS PROPERTY COVERAGE

DEDUCTIBLE AMOUNT: Businessowners Property Coverage: \$ 5,000 per occurrence.
Building Glass: \$ 5,000 per occurrence.

BUSINESS INCOME/EXTRA EXPENSE LIMIT: Actual loss for 12 consecutive months

Period of Restoration-Time Period: Immediately

Other additional coverages apply and may be changed by an endorsement. Please read the policy.

SPECIAL PROVISIONS:

**COMMERCIAL GENERAL LIABILITY COVERAGE
IS SUBJECT TO A GENERAL AGGREGATE LIMIT**



BUSINESSOWNERS PROPERTY COVERAGE

PREMISES LOCATION NO.: 01

BUILDING NO.: 01

COVERAGE	LIMIT OF INSURANCE	VALUATION	COINSURANCE	INFLATION GUARD
BUILDING *Replacement Cost Plus	\$ 2,305,386	RCP*	N/A	0.0%

Other coverage extensions apply and may be changed by an endorsement. Please read the policy.

