

1477

BY LAWS FOR
SHASTA PALMS HOME OWNER'S ASSOCIATION

1. GENERAL These By-Laws shall govern the operation and management of the condominium project known as SHASTA PALMS located at 4036 Shasta Street, San Diego, California. The provisions hereof are applicable to the land and buildings located thereon. All Unit Owners, tenants, and any other persons who might use the facilities of the project in any manner are subject to the regulations set forth herein.

2. DESCRIPTION OF PROJECT The project is composed of the following elements:

- a. Private Areas: The living units.
- b. Common Areas: Parking spaces, garages, laundry and heating rooms, access stairs, central patio, side yards, and all other areas of the project not included within the living units.
- c. Exclusive Use Areas: The garages and parking spaces designated by unit numbers on the Condominium Plan, and any other exclusive use areas designated by provision of these By-Laws, constitute a portion of the Common Area of the project but are reserved for the exclusive use of the particular unit owner for whom such exclusive use is designated.
- d. Common Area Equipment: One 100 gallon hot water heater with circulating pump, together with any other equipment which may be subsequently purchased by the Home Owner's Association for use in the Common Area.

3. OWNER'S ASSOCIATION MEETINGS Each Unit Owner shall be a member of Shasta Palms Owner's Association and shall be entitled to one vote for each unit owned with cumulative voting privileges as hereinafter set forth.

a. The first meeting of the Owner's Association shall be held within thirty days after the sale and conveyance of the ninth living unit of the project, or within six months after the sale and conveyance of the first living unit of the project, whichever shall first occur. The Board of Governors shall give notice of this first meeting in accordance with the procedures for annual meetings as hereinafter set forth. At this first meeting the Owner's shall elect a Board of Governors for the succeeding year and conduct such other business as shall come before it.

b. Thereafter an annual meeting of the Owner's Association shall be held on the anniversary of the first meeting at a suitable place on the premises of the condominium project or at such other suitable place within the County of San Diego, California, as designated by the Board of Governors. At the annual meeting the members shall elect the Board of Governors for the succeeding year, vote for approval of the accounting rendered for the preceding year and the proposed regular assessment budget for the succeeding year, and consider such other business as shall come before it.

c. Special meetings of the Owner's Association shall be promptly called by the Chairman or the Board of Governors upon:

- (1) Determination by the Chairman of the Board of Governors that such meeting is in the best interest of the Association.
- (2) The vote for such a meeting by a majority of a quorum of the Board of Governors.
- (3) Receipt of a written request therefor signed by at least four Unit Owners.

d. The Chairman of the Board, or such person designated by him, shall give each Unit Owner written notice of annual and special meetings of the Owner's Association as prescribed by paragraph (7) of the CCR's, including in such notice the time, place, and hour of such meeting, and the subject or purpose of special meetings. All such meetings shall be scheduled on the premises of the condominium project when possible, and as close to the project as feasible when such meetings cannot be conducted on the premises.

e. For the election of any Governor, secret written ballot shall be employed and cumulative voting shall apply when two or more such positions are to be filled. In order to assure that at least one Governor is elected by the votes of Unit Owners other than the Declarant on the CCR's, if such Unit Owners do not have a sufficient percentage of the voting power to elect at least one of the members of the Board of Governors, then the vote is to one such Governor shall be limited to Unit Owners other than the said Declarant; and the voting power of the Declarant shall be applied only to the remaining positions on the Board of Governors.

10 To 60 Dec 2010

f. A Governor may be removed from office prior to the expiration of his term by the vote of a majority of the voting power of the Owner's Association; however, a Governor who has been elected to office solely by the votes of Unit Owners other than the Declarant under the special provisions of the preceding paragraph may be removed from office prior to the expiration of his term of office only by the vote of at least a majority of the voting power residing in Unit Owners other than the Declarant.

4. BOARD OF GOVERNOR MEETINGS The Board of Governors shall meet at least every calendar quarter at such time and place on the premises of the project as shall be designated by the Chairman. A special meeting of the Board may be called by written notice signed by the Chairman or by any two Governors other than the Chairman. The Chairman shall cause to be delivered to each Governor notice of such meetings, the time, place, and the nature of any special business to be considered; and such notice shall be posted in a prominent place on the premises of the project. Such notice shall be delivered and posted not less than 72 hours prior to the time of meeting. Regular and special meetings of the Board shall be open to all members of the Owner's Association; but only the Governors shall be entitled to participate in any deliberation or discussion unless expressly authorized by the vote of a majority of a quorum of the Board. The Board may, with the approval of a majority of a quorum of its members, 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.

5. BOARD OF GOVERNORS, NUMBER AND ORGANIZATION The Board of Governors shall consist of three members. The initial Board of Governors designated in the CC&R's shall serve until the first meeting of the Owner's Association. Any vacancy on the Board may be filled by majority vote of the remaining Governors, such appointed member to serve until the next meeting of the Owner's Association. To qualify as a Governor, the candidate must be an owner of, but not necessarily a resident of, a unit within the project. The Board shall elect, from among its members, a Chairman and a Secretary to conduct the day-to-day management of the project and may appoint other Unit Owners or Governors to committees to act within specified powers. The Board may determine the duties of such officers and committees which shall be commensurate with the powers granted to the Board. Neither the Governors nor the officers will receive compensation for their services, but the Board may vote to reimburse such persons for expenses paid or incurred for the benefit of the project so long as such expenses are an authorized expenditure.

6. EXERCISE OF POWER BY BOARD OF GOVERNORS The Board shall exercise the powers granted to it in the CC&R's for the condominium project within the following limitations:

a. CONTRACTS AND EXPENDITURES The Board shall not enter into contracts with third persons for goods or services for a period longer than one year excepting for prepaid casualty and/or liability insurance policies of not to exceed three years duration, provided that the policy permits for short rate cancellation by the insured. It shall not incur aggregate expenditures for capital improvements to the common area in any fiscal year in excess of 5% of the budgeted gross expenses for the Owner's Association for that fiscal year. It shall not sell during any fiscal year property of the Association having an aggregate fair market value greater than 5% of the budgeted gross expenses of the Association for that fiscal year. The foregoing limitations may be exceeded when the action is approved by a vote or written assent of a majority of the voting power of the Association residing in members other than the Declarant.

b. ASSESSMENTS Regular assessments to defray expenses attributable to the ownership, operation and furnishing of common interests by the Owner's Association shall be levied equally against each Living Unit. Special assessments shall also be levied equally against each Living Unit; however this provision as to special assessments shall not apply in the case where the special assessment against a Unit Owner is a remedy utilized by the Board to reimburse the Owner's Association for costs incurred in bringing the Unit Owner and his subdivision into compliance with provisions of the governing instruments for the project. The Board will not, without the vote or written assent of a majority of the voting power of the Owner's Association residing in members other than the Declarant, impose a regular annual assessment per Living Unit which is more than 20% greater than the regular assessment for the immediately preceding

fiscal year nor shall it levy special assessments to defray the costs of any action or undertaking on behalf of the Owner's Association which in the aggregate exceeds 5% of the budgeted gross expenses of the Association for that fiscal year. Regular assessments shall be determined by budgeting the operational expenses projected for the forthcoming year, adding an amount for reasonable reserve for replacement of depreciable property included within the common area and for repair, and adding an amount for a contingency reserve not to exceed 3% of the gross operational expenses and accumulated contingency reserves not to exceed 10% of the gross operational expenses. This sum is then to be divided equally by the number of Living Units in the project and the resulting sum to be assessed in twelve equal, or nearly equal, monthly payments to be paid in advance.

7. BOOKS OF ACCOUNTS AND RECORDS Every Governor shall have the absolute right at any reasonable time to inspect all books, records and documents of the Board and the Owner's Association and the physical properties owned or controlled by the Association. The right of inspection by a Governor includes the right to make extracts and copies of documents. Every Unit Owner shall have the right to inspect the said books, records, and documents, either personally or by representative, by delivering written request therefor to the Secretary who will then arrange a convenient time and place for such inspection within not more than five (5) days after the request is presented unless both parties shall agree to a later time. Should a Governor or Owner desire copies or extracts of documents and the custodian thereof determines that possession of the documents should not be released, then the custodian will arrange for copying thereof by a regular copy service after the person desiring the copies has deposited with the custodian the estimated cost thereof.

Copies of the financial statements of the Association shall be distributed to each member thereof as follows:

- (a) A pro forma operating statement (budget) for each fiscal year not less than 60 days before the beginning of each fiscal year.
- (b) A balance sheet, as of an accounting date which is the last day of the month closest in time to six 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 such sale to the said accounting date, not more than 60 days after the said accounting date.
- (c) A balance sheet as of the last day of the Association's fiscal year and an operating statement for said fiscal year, not more than 90 days after the close of the fiscal year.

The Association's fiscal year shall coincide with the calendar year.

8. AMENDMENTS These By Laws may be amended by the vote or written consent of Owners representing at least 51% of the total voting power of the Association residing in members other than the Declarant (subdivider).