



MEMORANDUM

TO: ALL MEMBERS:
OCEANSIDE MANOR HOMEOWNER ASSOCIATION

FROM: Board of Directors

SUBJECT: AMENDED BYLAWS

November 2, 1996

ON SEPTEMBER 12, 1995, THE BALLOTS FOR THE 16 PROPOSED AMENDMENTS TO THE BYLAWS FOR THE ASSOCIATION WERE TABULATED. RESULTS WERE POSTED ON THE BULLETIN BOARD FOR 2 MONTHS.

SINCE THAT TIME, THE AMENDMENTS THAT WERE PASSED HAVE BEEN INCORPORATED INTO THIS ONE DOCUMENT, NOW PROVIDED TO YOU FOR YOUR PROPERTY RECORDS.

FOR YOUR INFORMATION, THE AMENDMENT #1 DID NOT PASS BY A MAJORITY OF THE MEMBERSHIP. FOR YOUR INFORMATION, ARTICLE IV, Membership fees and Assessments and Lien Rights IT IS CONTAINED IN THE ATTACHED DOCUMENT IS NOT IN COMPLIANCE WITH THE CURRENT CALIFORNIA CIVIL CODE SECTION 1366 (b) WHICH STATES IN PART AS FOLLOWS:

"Notwithstanding more restrictive limitations placed on the Board by the governing documents, the board of directors may not impose a regular assessment that is more than 20 percent greater than the regular assessment for the association's preceding fiscal year or impose special assessment which in the aggregate exceed 5 percent of the budgeted gross expenses of the association for that fiscal year without the approval of owners, constituting a quorum, casting a majority of the votes at a meeting or election of the association conducted in accordance with Chapter 5 (commencing with Section 7510) of Part 3 of Division 2 of Title 1 of the Corporations Code and Section 7613 of the Corporations Code..."

NOTWITHSTANDING MEANS "IN SPITE OF". IN THE EVENT THE BOARD OF DIRECTORS FOUND THAT IT WAS NECESSARY TO INCREASE THE BUDGET BY 20% IN A FISCAL YEAR IN ORDER TO MEET THE OBLIGATIONS OF THE CORPORATION, THE CIVIL CODE SECTION WOULD PREVAIL AND THE BOARD WOULD BE AUTHORIZED TO MAKE SUCH A DECISION WITHOUT THE VOTE OF THE MEMBERSHIP. IT IS UNDERSTANDABLE THAT THIS IS A VERY SENSITIVE ISSUE, HOWEVER, IT IS IMPERATIVE THE MEMBERSHIP BE AWARE THAT IN SOME CASES, THE CURRENT LAW WILL SUPERSEDE THE BYLAWS.

REVISED BYLAWS OF
OCEANSIDE MANOR HOMEOWNERS ASSOCIATION
(A California Nonprofit Mutual Benefit Corporation)

REVISION DATE: SEPTEMBER 12, 1995

ARTICLE I

Office

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

ARTICLE II

Definitions

Section 1. "Corporation" or "Association" shall mean and refer to OCEANSIDE MANOR HOMEOWNERS ASSOCIATION, a California Nonprofit Mutual Benefit Corporation, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property located in the City of Oceanside, San Diego County, California, described as such in the Declaration recorded in the Office of the County Recorder of San Diego County, California, owners of which are required to be members of the Corporation, and such additions thereto as may hereafter be brought within the jurisdiction of the Corporation.

Section 3. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, or any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 4. "Declaration" shall mean and refer to the Declaration or Declarations of Restrictions recorded with the Office of the County Recorder of San Diego County, California, covering all or any part of the Properties, including such amendments thereto as may from time to time be recorded.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with exception of the Common Area.

Section 6. "Common Area" shall mean and refer to all real property or interests in real property owned by the Corporation for the common use and enjoyment of the Owners.

Section 7. "Executive Session" shall mean adjournment from any authorized meeting of the Board of Directors to consider litigation, matters that relate to the formation of contracts with third parties, or personnel matters in private.

Section 8. "Without Call" shall mean without summons or invitation to a meeting.

Section 9. "Notwithstanding" shall mean in spite of.

ARTICLE III

Members

Every Owner shall be a member of this Corporation. The transfer of title to any Lot shall automatically transfer the membership appurtenant to such Lot to the transferee. In the event that any such Lot is owned by two or more persons, then all such persons shall be members of this Corporation. The members shall have the voting rights set forth below.

ARTICLE IV

Membership Fees and Assessments and Lien Rights

Section 1. MEMBERSHIP FEES AND ASSESSMENTS. The Board of Directors shall determine and fix, from time to time, regular fees and assessments to be paid by each Owner for the purpose of operating, maintaining and repairing the Common Area, paying the necessary expenses of the Corporation as provided in these Bylaws and the Declaration and establishing reserves. Such fees and assessments shall be assessed against and paid by each Owner monthly. The regular monthly assessments within any fiscal year shall not exceed ten percent (10%) greater or ten percent (10% less than the amount of the assessment payable for the last month of the immediately preceding fiscal year without approval of a majority of the voting power of the members of the Corporation. Such approval may be obtained only at a duly called meeting of the membership of the Association, or by written ballot as set forth in Article VII, Section 9, of these Bylaws.

In addition to the regular fees and assessments authorized above, the Board of Directors may levy special assessments for the purpose of defraying, in whole or in part, the cost of any capital improvement to the Common Area or such other purpose as may be determined by the Board of Directors; provided, however, that no special assessments shall exceed a total amount of \$10.00 per lot during any fiscal year of the Corporation without approval of a majority of the voting power of the members of the Corporation. Such approval may be obtained only at a duly called meeting of the membership of the Association, or by written ballot as set forth in Article VII, Section 9, of these Bylaws. All such special assessments shall be levied upon each Owner equally.

Section 2. LIEN RIGHTS. As provided in the Declaration, this Corporation shall have a lien against the interest of each Owner in his Lot to secure the full and prompt payment of all fees and assessments levied by the Corporation in compliance with these Bylaws and in the event of default by any Owner, said interest of such Owner may be foreclosed by this Corporation in the same manner as a realty mortgage or may be enforced by sale pursuant to Section 2932 of the California Civil Code, and, to that end, a power of sale is hereby conferred upon this Corporation, and any redemption thereafter shall be

subject to the lien hereby created as to other or future events of default; provided, however, that the lien hereby created shall, at all times, be subordinate and inferior to the lien of any bona fide mortgage or deed of trust given for value which now exists or is hereafter placed on said Lot.

Any assessments which are not paid when due shall be delinquent. If the assessments are not paid within fifteen (15) days after the due date, a late charge (the amount of which shall equal the greater of (1) \$10.00, or (2) 1.5% of the first \$1,000.00 of the delinquent assessment plus 1.0% of that portion of the delinquent assessment which is greater than \$1,000.00) shall be assessed against the nonpaying owner and his unit. The Association may bring an action at law against the members personally obligated to pay the assessment and late charge and, in addition thereto or in lieu thereof, may foreclose the lien above provided, and interest, costs and reasonable attorneys' fees incurred in any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his unit.

ARTICLE V

Membership Rights and Privileges

No member shall have the right without the prior approval of the Board of Directors to exercise any of the powers or to perform any of the acts by these Bylaws delegated to the Board of Directors as in Article VIII of these Bylaws more fully provided. Unless otherwise provided in the Declaration and subject to the rules and regulations adopted by the Board of Directors of this Corporation, each member of this Corporation, his immediate family, guests and tenants shall have the right to use and enjoy the Common Area other than that portion of the Common Area in which an exclusive right to use has been granted to others.

The membership rights and privileges, together with the voting rights, of any member of the Corporation may be suspended by the Board of Directors for any period of time during which such member is determined by the Board of Directors to be in breach of the Declaration or has not complied with his obligations imposed by these Bylaws or the rules and regulations adopted by the Board of Directors hereunder; provided, however, that no such suspension shall be effective until the Board of Directors gives to such member the opportunity of a hearing before the Board of Directors, which hearing shall be held not sooner than ten (10) days following the delivery to such member of written notice thereof and no suspension imposed by reason of a violation of the rules and regulations adopted by the Board of Directors shall exceed a period of thirty (30) days.

The Association's legal documents, membership register, books of account, and Minutes of meetings of the Board of Directors and Committees shall be made available for inspection and copying by any member of the Association, or duly appointed representative, at any reasonable time and for a purpose reasonably related to the interest of the member, at the office of the Association or such place within the common area as the Board shall prescribe. (Reference: California Corporations Code 8311, 8313, 8320, 8330-8338.)

Any member may voluntarily make a contribution or gift to the Association. The Board of Directors shall determine to accept or decline any such contribution or gift, and shall also determine the disposition or use of such contribution or gift. No such contribution or gift shall be considered as a regular or special assessment, or in lieu thereof.

ARTICLE VI

Class of Members

The Corporation shall have one class of voting membership which shall consist of all owners of a Lot. Members shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any one Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. Any duplication of ballots by Owners shall automatically VOID all ballots pertaining to the Lots for which such ballots were cast. The vote of each Lot must be cast by an owner of record, or a holder of a lawful proxy, or a proxy executed by an attorney-in-fact on behalf of the owner of record.

ARTICLE VII

Meetings of Members

Section 1. PLACE OF MEETING. All meetings of members shall be held at the principal office of the Corporation, or at such other location in San Diego County, California, in reasonable proximity to the Properties, as may be designated in the notice of meeting.

Section 2. ANNUAL MEETING OF MEMBERS. Annual meetings of members shall be held between sixty (60) days and seventy-five (75) days following the end of each fiscal year.

Written notice of each such annual meeting shall be given to each member either personally or by sending a copy of the notice through the mail or by telegraph, charges prepaid, to his address appearing on the books of the Corporation or supplied by him to the Corporation for purpose of notice. If a member supplies no address, notice shall be deemed to have been given him if mailed to the address of the Lot owned by such member, or published at least once in some newspaper of general circulation in the county of said principal office. All such notices shall be sent to each member not less than ten (10) days and not more than sixty (60) days before each annual meeting, and shall specify the place, the day and the hour of such meeting. Those persons who are members as of the close of business on the twelfth (12th) business day before such meeting shall be entitled to vote.

Section 3. SPECIAL MEETING. Special meetings of members, for any purpose or purposes whatsoever, may be called at any time by the President or by the Board of Directors, or by any two or more members thereof, or by five percent (5%) or more of the voting power of the members. Except in special cases where other express provision is made by statute, notice of such special meetings shall be given in the same manner as for annual meetings of members. Notices of any special meeting shall specify in addition to the

place, day and hour of such meeting, the general nature of the business to be transacted, and no other business may in that case be transacted.

Upon receipt by the Board of Directors of a valid request, the Board of Directors forthwith shall cause notice to be given to the members entitled to vote that a meeting will be held at a time fixed by the Board not less than 35 or more than 90 days after the receipt of the request. (Reference: California Corporations Code 7510(e) and 7511(c).)

Section 4. ADJOURNED MEETINGS AND NOTICE THEREOF. Any membership meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the voting power present in person or represented by proxy, but in the absence of a quorum, no other business may be transacted at any such meeting.

When a membership meeting, either annual or special, is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting, other than by an announcement at the meeting at which such adjournment is taken.

Section 5. ENTRY OF NOTICE. Whenever any member has been absent from any meeting of the membership, whether annual or special, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such meeting was given to such member as required by law and the Bylaws of the Corporation.

Section 6. VOTING. The voting rights of members are set forth in Article VI of these Bylaws. When the election of a Director or Directors is held at a regular or special meeting of members, such election shall be by secret ballot. Members shall have the right to nominate from the floor candidates for the office of Director. The candidates receiving the highest number of votes up to the number of offices to be filled shall be elected. Cumulative voting is not allowed. In the event that the election of Directors is held by mail, the written ballot shall conform with the provisions of Section 7513 of the California Corporations Code, and be by secret ballot.

In all elections for the office of Director, the Board of Directors shall appoint a nominating committee composed of at least one Director and not less than two members who are not Directors. The committee shall nominate and place on the ballot at least as many candidates as there are vacancies, and write-in candidates shall be permitted. The committee shall require a written statement of agreement to serve, if elected, from all candidates.

All voting for candidates shall be on the basis of one vote for each of the offices to be filled with a limit of one vote per candidate per membership.

Section 7. QUORUM. The presence in person or by proxy of a majority of the voting power entitled to vote at any meeting shall constitute a quorum for the transaction of

business. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough voting power to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the members required to constitute a quorum. In the event any meeting of members present, either in person or by proxy, the meeting may adjourn to a time not less than 48 hours nor more than 30 days from the time the original meeting was called.

Section 8. CONSENT OF ABSENTEES. The transactions of any meeting of members, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the members entitled to vote, not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 9. ACTION WITHOUT A MEETING. Any action which may be taken at any regular or special meeting of members may be taken without a meeting if the Corporation distributes a written ballot to every member entitled to vote on the matter. Also, such action may be undertaken by at least ten percent (10%) of the voting power of the members, as evidenced by a written notice to the Board of Directors that such action is being taken, and provided that a written ballot is distributed to every member entitled to vote on the matter. Such ballots may be distributed by the Corporation or by the member undertaking the action, in either case at the latter's expense. Such ballots shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Corporation.

Approval by written ballot pursuant to this Section shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at the meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

Ballots shall indicate the number of responses needed to meet the quorum requirement and, with respect to ballots other than for the election of Directors, shall state the percentage of approvals necessary to pass the measure submitted. The solicitation must specify the time by which the ballot must be received in order to be counted.

After submission, a written ballot may not be revoked. (Reference: California Corporations Code, Section 7513.)

Section 10. PROXIES. Every person entitled to vote or execute consents shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such person or his duly authorized agent and filed with the Secretary of the Corporation, provided that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution. The written proxy shall conform with the provisions

of Section 7514 of the California Corporations Code.

Any form of proxy or written ballot shall afford an opportunity on the proxy or form of written ballot to specify a choice between approval and disapproval of each matter or group of related matters intended, at the time the proxy or written ballot is distributed, to be acted upon at the meeting for which the proxy or written ballot is distributed, to be acted upon at the meeting for which the proxy is solicited or by such written ballot, and shall provide, subject to reasonable specified conditions, that where the person solicited specifies a choice with respect to any such matter, the vote shall be cast in accordance therewith. (Reference: California Corporations Code, Section 7514.)

Section 11. INSPECTORS OF ELECTION. In advance of any meeting of members, or tabulation of a vote by a written ballot, the Board may appoint any persons (other than candidates for office) as inspectors of election to act at the meeting and any adjournments thereof. If the inspectors of election are not so appointed, or if any persons so appointed fail to appear or refuse to act, the Chairman of any meeting may, and on request of any member or member's proxy must, appoint Inspectors of Election at the meeting, the number of Inspectors shall be either one (1) or three (3). If appointed at a meeting on the request of one or more members or proxies, the majority of members represented in person or by proxy shall determine whether one (1) or three (3) inspectors are to be appointed.

The inspectors of election shall perform the following duties:

- (1) determine the number of voting memberships outstanding and the voting power of each, the number represented at the meeting, the existence of a quorum, and the authenticity, validity, and effects of proxies;
- (2) receive votes, ballots, or consents;
- (3) hear and determine all challenges and questions in any way arising in connection with the right to vote;
- (4) count and tabulate all votes and consents;
- (5) determine when the polls shall close;
- (6) determine the result; and
- (7) do such acts as may be proper to conduct the election or vote with fairness to all members.

The Inspectors shall perform their duties impartially, in good faith, to the best of their ability, and as expeditiously as is practical.

If there are three (3) inspectors of election, the decision, act, or certificate of a majority is effective in all respects as the decision, act, or certificate of all.

On request of the Chairman or any member or member's proxy, the inspectors of election shall make a report in writing concerning the performance of their duties and execute a certificate of any fact found by them. Any report or certificate made by the inspectors shall be prima facie evidence of the facts stated therein.

All ballots shall be sealed and retained at the office of the Corporation or its agent for a period of ninety (90) days after the date of the certification by the Inspector(s) of Election, after which time they may be destroyed.

Section 12. PRESERVING VALIDITY OF BALLOTS. Whenever written ballots are used, and such balloting is not during a regular or special meeting of members, all ballots cast are to be sealed in the envelope provided and mailed or hand delivered to the office of the Corporation or its agent, to be accumulated, without opening, until expiration of the balloting period. After the balloting period has expired, the ballots are to be opened, checked as to validity, counted and tabulated under the direction of the Inspector(s) of Election. This procedure may take place either in the office of the Corporation or its agent or in the Association clubhouse, in the presence of any members who desire to be present, providing there is no interference by those present with the tabulating process.

The Secretary shall post on the clubhouse bulletin board a notice of the time and place of the tabulating of the ballots not later than three (3) days prior to the counting, for the members' information.

Section 13. RULES OF ORDER. At all regular or special meetings of the general membership, procedural matters not covered in these Bylaws shall be conducted in accordance with Roberts Rules of Order.

ARTICLE VIII

Directors

Section 1. POWERS. Subject to the Declaration and to the limitations of the Articles of Incorporation, of these Bylaws, and of the California Corporations Code, as to action to be authorized or approved by the members, and subject to the duties of Directors as prescribed by the Declaration and these Bylaws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be controlled by the Board of Directors. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Directors shall have the following powers:

First: To select and remove all the officers, agents and employees of the corporation, prescribe such powers and duties for them as may not be inconsistent with law, with the Articles of Incorporation or the Bylaws, fix their compensation and require from them security for faithful service.

Second: To conduct, manage and control the affairs and business of the Corporation, and to make such rules and regulations therefor not inconsistent with law, with the Articles

of Incorporation, or the Bylaws, or the Declaration, as they deem best.

Third: To change the principal office for the transaction of the business of the Corporation from one location to another within the same county; to designate any place with the County of San Diego, State of California, for the holding of any membership meeting or meetings; and to adopt, make and use a corporate seal, and to alter the form of such seal from time to time as in their judgement they may deem best, provided such seal shall, at all times, comply with the provisions of the law.

Fourth: To borrow money and incur indebtedness for the purposes of the Corporation, and to cause to be executed and delivered therefor in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidence of debt and securities therefor; provided, however, that the Board of Directors shall not have the power to borrow money for the Corporation in the excess of the aggregate sum of One Thousand Dollars (\$1,000.00) without the approval of the majority of the voting power of the members of the Corporation.

Fifth: Consistent with the Declaration, to manage, operate, maintain, and repair the Common Area, together with all buildings, structures and other improvements thereon including, by way of description and not by way of limitation, the following:

(a) To contract and pay for fire, casualty, liability and other insurance adequately insuring the members of the Corporation who are also members of the Board of Directors, and the Owners, which may include bonding of the members of any management body.

(b) To pay all charges for water, electricity, gas, cable television service and other utility services for the Common Area.

(c) To provide and pay for appropriate lighting of the Common Area.

(d) To maintain and repair the Common Area and all improvements located thereon, and the exterior of structures constructed on the Lots as set forth in the Declaration.

(e) To landscape, care for, maintain and water all planted areas in the Common Area.

(f) To restore or replace any or all of said buildings, structures or improvements which are part of the Common Area, at any time and from time to time as the Board of Directors may determine desirable or necessary, and to make capital expenditures for and on behalf of the Corporation; provided, however, that no single capital expenditure in excess of \$3,500.00 shall be made without the approval of a majority of the voting power of the members of the Corporation.

(g) To enter into any buildings located on the Common Area for the purpose of carrying out any of the powers or duties of the Board of Directors as herein set forth. In addition, as set forth in the Declaration, to enter any Lot for said purpose(s) at any reasonable hour and after reasonable notice.

(h) To enforce the provisions of any Declaration and to enforce each and every one of the provisions of these Bylaws or any other agreement to which this Corporation is a party.

(i) Regardless of any other provision of these Bylaws, to contract and pay for routine maintenance, repairs and services relating to the Common Area, and materials and supplies in connection therewith, and to employ personnel necessary for the operation and maintenance of the Common Area, including legal and accounting services; provided, however, that the term of any service contract shall be limited to a duration of not more than one (1) year unless a longer term is approved by a majority of the voting power of the members of the Corporation; and also provided that no extraordinary or unusual expenditure for other than the repair, maintenance or replacement of the Common Area which is either (1) in excess of \$3,500 and not previously budgeted, or (2) in excess of \$3,500 over an amount previously budgeted, shall be made without the prior approval of the majority of the voting power of the members of the Corporation. The foregoing limitations and membership approval requirements shall not apply to expenditures made for the purpose of defending the Association in a lawsuit or other legal proceedings:

(j) To pay any taxes and special assessments which are or would become a lien on the Common Area.

(k) To delegate any of its powers hereunder.

Section 2. NUMBER AND QUALIFICATIONS OF DIRECTORS. The Board of Directors shall consist of five (5) Directors until changed by amendment to this section of the Bylaws. Each Directors must be a member (owner) of the Corporation.

Section 3. ELECTION AND TERM OF OFFICE. Directors will be elected at annual meetings of members. Their term of office shall be for 24 months, or until their successors are elected. Depending on the number of expired terms, two (2) or three (3) Directors shall be elected at alternate annual meetings. Directors may be elected to serve consecutive terms of office.

To preserve the principle of alternating terms outlined above, if resignation, recall or other causes result in fewer than two (2) Directors remaining in office to fulfill the second year of their respective terms, the three (3) candidates receiving the greatest number of votes shall be elected for two year terms, and the remaining vacancies will be filled by one year terms.

Section 4. VACANCIES. Vacancies on the Board of Directors shall be filled by a special election (either by mail or by a special meeting of members) called by a majority of the remaining Directors, provided however, that except in the case of a Director who is removed by the vote of the members, in lieu of such a special election, the Board of Directors is authorized to appoint a Director to fill a vacancy if the unexpired portion of the term of the vacated office does not exceed nine (9) months. A minimum of three (3) Directors must be remaining on the Board in order to hold a vote on the appointment of replacement Directors, and replacement Directors shall be appointed by a majority of the

Directors then in office.

A vacancy or vacancies shall be deemed to exist in case of the death, resignation, or removal of any Director, or if the members shall increase the number of Directors but shall fail at the meeting at which such increase is authorized, or at any adjournment thereof, to elect the additional Directors so provided for, or in case the members fail at any time to elect the full number of Directors.

The members may at any time elect Directors to fill any vacancy and may elect additional Directors at the meeting at which an amendment of the Bylaws is voted authorizing an increase in the number of Directors.

No reduction of the number of Directors shall have the effect of removing any Director prior to the expiration of his term of office.

Section 5. PLACE OF MEETING. All meetings of the Board of Directors shall be held at the principal office of the Corporation, or at any other place within the City of Oceanside, California, designated at any time by resolution of the Board.

Section 6. ORGANIZATION MEETING. Immediately following each annual meeting of members, the Board of Directors shall hold a regular meeting for the purpose of organization and election of officers. This meeting may be adjourned to Executive Session in accordance with the provisions of California Civil Code Section 1363(g). Notice of such meeting is dispensed with hereby.

Section 7. OTHER REGULAR MEETINGS. Other regular meetings of the Board of Directors shall be held without call monthly or bimonthly at such time as the Board shall determine. However, should the designated day fall upon a legal holiday, the meeting shall be held at the same time on the next following day which is not a legal holiday. Notice of meetings and a copy of the proposed agenda shall be posted on the bulletin board of the Association's clubhouse at least four (4) days prior to the date of the meeting.

Section 8. SPECIAL MEETINGS. Special meetings of the Board of Directors for any purpose or purposes shall be called at any time by the President, or, if he is absent or unable or refuses to act, by any vice President or by any two Directors. Notice of meetings and a copy of the proposed agenda shall be posted on the bulletin board of the Recreation Building at least four (4) days prior to the date of the meeting.

Written notice of the time and place of special meetings shall be delivered personally to the directors or sent to each Director by letter or by telegram, charges prepaid, addressed to him at his address as it is shown upon the records of the Corporation, or, it is not so shown on such records or is not readily ascertainable, at the place in which the meetings of the Directors are regularly held. In case such notice is delivered to the telegraph company in the place in which the principal office of the Corporation is located, delivery must take place at least four (4) days prior to the time of the holding of the meeting. In case such notice is delivered as above provided, it shall be so delivered at least forty-eight (48) hours prior to the time of the holding of the meeting. Such mailing, telegraphing or delivery as

above provided shall be due, legal and personal notice to such Director.

Section 8A. EXECUTIVE SESSIONS. If need for an Executive Session arises during a Board or membership meeting, such meeting may be temporarily adjourned to permit the Board to deliberate in private to consider litigation, matters relating to the formation of contracts with third parties, or personnel matters. (Reference: California Civil Code, Section 1363(g).)

Section 9. NOTICE OF ADJOURNMENT. Notice of adjournment of any Directors' meeting, either regular or special, need not be given to absent Directors, if the time and place are fixed at the meeting adjourned.

Section 10. ENTRY OF NOTICE. Whenever any Director has been absent from any special meeting of the Board of Directors, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such special meeting was given to such Director, as required by law and the Bylaws of the Corporation.

Section 11. WAIVER OF NOTICE. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting, each of the Directors not present signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 12. QUORUM. A majority of the Directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors.

Section 13. ADJOURNMENT. A quorum of the Directors may adjourn any Directors' meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum a majority of the Directors present at the Directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 14. COMPENSATION AND FEES. Directors shall not receive any stated salary for their services as Directors. Nothing herein contained shall be construed or preclude any Director from serving the Corporation in any other capacity as an officer, agent, employee or otherwise, and receiving compensation therefor. It is not contemplated that the officers will receive compensation for performing their duties as officers, but in the event that the Directors decide to pay an officer compensation for his services, such officer, if he is a Director, shall not participate in fixing such compensation.

Section 15. ACTION OF BOARD WITHOUT MEETING. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all

members of the Board shall individually or collectively consent in writing to such action.

Such written consent or consents shall be filed with the Minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as a unanimous vote of such Directors. (Reference California Corporations Code 7211(b).)

Section 16. SPECIAL OBLIGATION OF BOARD. The Board of Directors shall notify in writing the holder of any first mortgage or beneficiary of any first deed of trust encumbering any Lot, the Owner of which is in default in the performance of the Owner's obligations contained in the Declaration or these Bylaws, which default is not cured within thirty (30) days of such default.

Section 17. ATTENDANCE AT BOARD MEETINGS. Excepting Executive Sessions, members of the Corporation may attend meetings of the Board of Directors as observers only, without voice or vote. The restriction as to speech may be waived by a majority of the Directors present to permit a question to be asked and answered on a specific subject on the agenda or under discussion. This waiver shall not apply to other subjects without specific permission of the Board. Executive Sessions of the Board are private in accordance with California Civil Code Section 1363(g.)

Section 18. REMOVAL OF DIRECTORS. Notwithstanding any other provision of these Bylaws, any or all Directors may be removed, with or without cause, in a recall election with the approval of members as defined under Section 7222 of the California Corporations Code, to wit: (a) (2) In a corporation 50 or more members, such removal is approved by the members (Section 5034) by secret ballot at a regular called meeting or by written secret ballot in accordance with California Corporations Code Section 7513.

Section 19. PUBLICATION OF BOARD MINUTES. 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, other than an Executive Session, shall be available to the members within 30 days of the meeting. The Minutes, proposed Minutes, or summary Minutes shall be distributed to any member of the Association upon request and upon reimbursement of the Association's cost in making that distribution. Any matter discussed in Executive Session shall be generally noted in the Minutes of the Board of Directors. (Reference: California Civil Code, Section 1363(h) and (k).)

ARTICLE IX

Officers

Section 1. OFFICERS. The officers of the Corporation shall be a president, a vice president, a secretary and a treasurer. The Corporation may also have, at the discretion of the Board of Directors, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article. Officers other than the president need not be Directors. One person may

hold two or more offices, except those of president and secretary.

Section 2. ELECTION. The officers of the Corporation, except such Officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article IX shall be chosen annually by the Board of Directors, and each shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

Section 3. SUBORDINATE OFFICERS. The Board of Directors may appoint such other officers as the business of the Corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws or as the Board of Directors may from time to time determine.

Section 4. REMOVAL AND RESIGNATION. Any Officer may be removed, either with or without cause, by a majority of the Directors in office at the time, at any regular or special meeting of the Board.

Any officer may resign at any time by giving written notice to the Board of Directors or the president, or to the secretary of the Corporation. Any such resignation shall take effect at the date of the 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.

Section 5. VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification or any other cause, shall be filled in the manner prescribed in the Bylaws for regular appointments to such office.

Section 6. PRESIDENT. The president shall be the chief executive officer of the Corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the Corporation. The president shall preside at all meetings of the members and at all meetings of the Board of Directors. The president shall be ex-officio a member of all standing committees and shall have the general powers and duties of management usually vested in the office of president of a Corporation.

Section 7. VICE PRESIDENT. In the absence or disability of the president, the vice president shall perform all the duties of the president, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the president.

Section 8. SECRETARY. The secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the Board of Directors may order, of all meetings of Directors and members, with the time and place of holding, whether regular or special, and if special how authorized, the notice thereof given, the names of those present at the Directors' meetings, the number of memberships present or represented at members' meetings and the proceedings thereof.

The secretary shall give, or cause to be given, notice of all meetings of the members

and of the Board of Directors required by the Bylaws or by law to be given, and the secretary shall perform such other duties as are generally performed by secretaries of Corporations.

Section 9. TREASURER. The treasurer shall be the chief financial officer of the Corporation and shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital and surplus. The books of account shall at all times be open to inspection by any Director.

The treasurer shall deposit all moneys and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Board of Directors. The treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, shall render to the president and Directors, whenever they request it, an account of all transactions as treasurer and of the financial condition of the Corporation, and shall perform such other duties as are generally performed by treasurers of Corporations.

ARTICLE X

Miscellaneous

Section 1. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for payment of money, notes or other evidence of indebtedness, issued in the name of or payable to the Corporation, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

Section 2. CONTRACTS, ETC. HOW EXECUTED. The Board of Directors, except as in the Bylaws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Corporation, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

Section 3. INSPECTION OF BYLAWS. The Corporation shall keep in its principal office for the transaction of business, the original or a copy of the Bylaws as amended or otherwise altered to date, certified by the secretary, which shall be available for inspection by the members at all reasonable times during office hours.

Section 4. FISCAL YEAR. The fiscal year of the Corporation shall be determined by the Board of Directors and having been so determined is subject to change from time to time as the Board of Directors shall determine.

Section 5. ANNUAL INDEPENDENT AUDIT. The Board of Directors shall cause an independent audit of the financial affairs of this Corporation by a Certified Public Accountant licensed by the State of California to be made at least every twelve (12) months. Said audit shall reflect the financial condition of this Corporation as of the date of said audit and shall

summarize the financial transactions in which this Corporation was involved during the period between the last of such audits and the date of the current audit. A copy of said audit will be mailed or made available to each of the members of the Corporation within ninety (90) days after the end of the fiscal year of the Corporation.

Section 6. RECORDING PROCEEDINGS OF MEETINGS. The recording secretary or any other person authorized by the majority of the Board of Directors is permitted to use a tape recorder or other recording device to record all or any part of the proceedings of any regular or special meeting of the Board of Directors or of any meeting of the homeowners. The use of any recording device to record all or any part of the proceedings of such meetings by any other person is permitted only upon submission to the Board of Directors of a written request to do so, including reasons for the request and the subsequent granting of permission by a majority of the Board of Directors.

Section 7. NEW RESIDENTS--AGE RESTRICTIONS. In order to comply with the age requirements of the third Amendment to the Declaration of Restrictions, new residents (owners, tenants, lessees, etc.) occupying property in Oceanside Manor must submit to the Association management agent proof of age prior to occupying the property. Proof submitted must be in the form of a copy of a valid driver's license or birth certificate.

Section 8. NEW RESIDENTS--SUBMISSION OF RENTER'S AGREEMENT. New residents (tenants, lessees, etc.) shall sign an agreement along with the signature of the owner of the property as part of the rental or lease agreement to abide by the Declaration of Restrictions, Bylaws, and Rules and Regulations, which must be furnished to them by the property owner. A copy of the signed agreement shall be furnished to the management agent.

ARTICLE XI

Amendments

Except as otherwise provided herein, new Bylaws may be adopted or these Bylaws may be amended or repealed with the approval of a majority of the voting power of the members of this Corporation; provided, however, that repeal of or amendment to Section 16 of Article VIII of the Bylaws shall not be effective until approved in writing by the holders of the first mortgages (or beneficiaries of first trust deeds) encumbering all Lots.

CERTIFICATE OF BYLAWS

The undersigned hereby certifies as follows:

(1) I am duly elected Secretary of Oceanside Manor Homeowners Association, a California Non-profit Mutual Benefit Corporation;

(2) The foregoing Revised Bylaws (dated for reference September 12, 1995), constitute the Bylaws of this Association as amended; and

(3) The foregoing Bylaws supersede all other editions of the Bylaws with earlier dated certifications.

IN WITNESS WHEREOF, I subscribe my name and affix the seal of the Association this 28th day of October, 1996.

Lee Brutschine, Secretary