

meeting, unless the Board fixes a new record date for the adjourned meeting.

(b) To Vote. The record date for the purpose of voting shall not be more than sixty (60) days before the date of the meeting. If the Board fails to fix a record date, Members on the day of the meeting who are otherwise eligible to vote are entitled to vote at the meeting of the Members, and in the case of an adjourned meeting, Members on the day of the adjourned meeting who are otherwise eligible to vote are entitled to vote at such adjourned meeting.

ARTICLE IV

MEETINGS OF MEMBERS

Section 1. Organizational and Annual Meetings. Regular meetings of Members of the Master Association shall be held not less frequently than once each calendar year at the time and place prescribed by these ByLaws. The first meeting of the Master Association, whether a regular or special meeting, shall be held not later than six (6) months after the first Close of Escrow for the sale of a Lot or Condominium in the Community. At such meetings there shall be elected, by secret written ballot of the Members, a Board in accordance with the requirements of the Article herein entitled "Board of Directors: Nomination, Election and Term of Office." The Members may also transact such other business of the Master Association as may properly come before them.

Section 2. Special Meetings. A special meeting of the Members of the Master Association shall be called by the Board upon:

(a) The vote for such meeting by a majority of a quorum of the Board;

(b) Receipt of a written request therefor signed by Members representing at least five percent (5%) of the total voting power of the Master Association;

(c) The rejection by the Board of a settlement offer as referenced in California Civil Code Section 1375(g)(1); or

(d) Any vote by a majority of a quorum of the Board to commence an action for damages pursuant to Section 1375(g)(2) of the California Civil Code.

The notice of any special meeting shall be given within five (5) days after such action by the Board or receipt of such petition. The Board shall cause the special meeting to be held not less than twenty (20) days nor more than ninety (90) days after such action by the Board or receipt of the written request for said meeting.

No business shall be transacted at a special meeting except as stated in the notice, unless by consent of a quorum of the Owners present, either in person or by proxy.

Section 3. Notice of Meetings. Written notice of each regular and each special meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting by mailing a copy of such notice by first class mail, postage prepaid, and/or by any other means approved by the Board which is reasonably calculated to provide notice of the Meeting (e.g., transmissions by email or by facsimile). Except in emergency situations, not less than thirty (30) days nor more than ninety (90) days notice of any meeting at which Members are required or permitted to take action shall be provided to each Member, addressed to the Member's address last appearing on the books of the Master Association or supplied by such Member to the Master Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and those matters

which the Board, at the time the notice is sent, intends to present for action by the Members, if any, but except as otherwise provided by law, any proper matter may be presented at the meeting for action.

Section 4. Quorum. The presence, in person or by proxy, of Owners holding at least thirty-three percent (33%) of the total voting power of the Master Association shall constitute a quorum for the transaction of business at all meetings. In the absence of a quorum at a Members' meeting, a majority of those present, in person or by proxy, may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum shall be to a date not less than five (5) days and not more than thirty (30) days from the original meeting date. Except as may otherwise be required pursuant to the Master Declaration, the quorum for such a meeting shall be at least twenty-five percent (25%) of the total voting power of the Master Association present, in person or by proxy. 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 regular meetings.

Section 5. Action Without Meeting. Except the election of Directors where cumulative voting is required and the consideration of the commencement of an action for damages which is subject to California Civil Code Section 1375, any other action which may be taken by the vote of Members at any regular or special meeting, as provided for hereinbelow, may be taken without a meeting if the Master Association distributes a written ballot to every Member entitled to vote on the matter. The ballot shall be given personally, or by first-class, registered or certified mail addressed to the address of the Member appearing on the books of

the Master Association. Such ballot shall set forth (i) each proposed action, (ii) an opportunity to specify approval or disapproval of each proposed action; (iii) a reasonable time within which to return the ballot to the Master Association pursuant to Section 7513 of the California Corporations Code, as same may be amended from time to time, in order to be counted; (iv) the number of responses needed to meet the quorum requirement; and (v) the percentage of approvals necessary to approve each proposed action. All such written ballots shall be filed with the Secretary of the Master Association and maintained in the corporate records. 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 a 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. A written ballot may not be revoked. Directors may not be elected by written ballot under this Section.

Section 6. Meetings of the Members. The meetings of the Members shall be held at the Community or as may be designated by the Board. All meetings of the Members shall be conducted in accordance with a recognized system of parliamentary procedure (e.g. Robert's Rules of Order) or such other parliamentary procedures as the Master Association may adopt.

Section 7. Mortgagee Representation. First Mortgagees shall have the right to attend all meetings of Members through a representative designated in writing and delivered to the Board.

Section 8. Minutes, Presumption of Notice. Minutes or a similar record of the proceedings of meetings of the Master Association, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A

recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE V

BOARD OF DIRECTORS:

NOMINATION, ELECTION AND TERM OF OFFICE

Section 1. Number and Qualifications of Directors.

The affairs of the Master Association shall be managed by a Board consisting of either three (3) or five (5) Directors, each of whom, except for those appointed and serving as first Directors, must either be an Owner of a Lot or Condominium or an authorized agent and representative of Declarant or a Merchant Builder, so long as Declarant owns a Lot or Condominium in the Community or is entitled to annex any of the Annexable Property into the Community as provided in the Master Declaration. The Board shall initially consist of three (3) Directors who shall be appointed by Declarant as soon as practicable after the incorporation of the Master Association, and shall hold office until Directors are elected at the first annual meeting as provided herein.

Section 2. Nomination. Subject to the Declarant's Class C voting rights, the nomination for election to the Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board, and two (2) or more Members of the Master Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the Members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not fewer than the