

INDEX TO BYLAWS  
OF  
LOMAS VERDES ASSOCIATION,  
a California Nonprofit Corporation

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BYLAWS  
OF  
LOMAS VERDES ASSOCIATION

ARTICLE I  
DEFINITIONS

Section 1.01. Project. The term "Project" shall mean all of the real property described in the Restrictions.

Section 1.02. Restrictions. The term "Restrictions" shall mean the Declaration of Covenants, Conditions, and Restrictions for LOMAS VERDES applicable to the Project and filed in the office of the County Recorder of San Diego County, \_\_\_\_\_, 19\_\_\_\_, document number \_\_\_\_\_, at page \_\_\_\_\_, as the same may be amended from time to time in accordance with the terms thereof. Said Restrictions are hereby incorporated in these Bylaws by this reference, and shall be treated as though set forth in full herein. A true and correct copy of said Restrictions, and any amendments thereto, shall be maintained at the principal office of this Corporation for inspection by any Member.

Section 1.03. Other Terms. Other terms used in these Bylaws shall have the meaning given to them in the Restrictions and the Articles of Incorporation of this Corporation.

ARTICLE II  
OFFICES

Section 2.01. The principal office of the Corporation for the transaction of its business is located in the County of San Diego. The Board of Directors may at any time or from time to time establish a fixed office and change the location of said office from one location to another in said County.

## ARTICLE III

### MEMBERSHIP

Section 3.01. Classes of Membership and Rights. The Corporation shall have two (2) classes of Members:

Class A: Each Owner of a Unit or Lot in the Project with the exception of the Declarant shall have one Class A membership in the Corporation appurtenant to each Unit or Lot owned by the Owner.

Class B: The Declarant shall have one Class B membership in the Corporation appurtenant to each Unit or Lot owned by the Grantor which membership shall cease and terminate and be converted into a Class A membership automatically upon the recordation of a deed by the Declarant conveying said Unit or Lot. Further, each Class B membership shall cease and terminate and be converted automatically into a Class A membership upon the happening of either of the following events, whichever occurs earlier:

- (a) When the total outstanding votes for Class A Members equals the total outstanding votes held by the Class B Members.
- (b) The second anniversary of the original issuance of the most recently issued subdivision public report for a phase of the development.
- (c) The fourth anniversary of the original issuance of the subdivision public report for the first phase of the development.

Except with respect to voting rights pursuant to Section 3.04, the property and other rights, interests and privileges of each Member in good standing shall be equal. Each Owner shall be and become a Member of the Corporation contemporaneously with his acquisition of a Unit or Lot without further documentation of any kind. No such membership may be severed or separated from its Unit or Lot. Any sale, transfer,

encumbrance or conveyance of the Unit or Lot shall operate to transfer or encumber the appurtenant membership without the requirement of express reference thereto. No Owner may avoid the obligation incidental to his membership (including the payment of any assessments) by abandonment of his Unit or Lot. Upon conveyance, sale or assignment of a Unit or Lot to a new Owner, the old Owner shall not be liable for any assessment levied after the date of recording the conveyance evidencing such sale of the Unit or Lot. The rights, duties, privileges and obligations incidental to membership shall be exercised and imposed in accordance with the provisions of the Restrictions, the Articles of Incorporation and the Bylaws of the Corporation. Each Owner, tenant, or occupant of a Unit or Lot shall comply with the Restrictions, the Articles of Incorporation, and the Bylaws, and failure to comply shall be grounds for an action by the Corporation to recover sums due for damages to it or to its Members or for injunctive relief as the Corporation may deem proper. The only qualification for membership is that the Member own a Unit or Lot, and no person not owning a Unit or Lot may be a member.

Any provision in these Bylaws, the Articles or the Restrictions calling for membership approval of action to be taken by the Corporation, except provisions with respect to action to enforce the obligations of the Declarant under any completion bond, shall expressly require the vote or written assent of the prescribed percentage of each class of membership during the time that there are two outstanding classes of membership. In addition, any provision in these Bylaws, the Articles or the Restrictions requiring that the vote of the Declarant shall be excluded in a determination as to any matter, other than the enforcement of the obligation of the Declarant under any completion bond or the amendment of these Bylaws, the Articles or the Restrictions, shall be applicable only if there has been a conversion of Class B to Class A membership and only for so long as the Declarant holds or directly controls twenty-five percent (25%) or more of the voting power of the Corporation.

Section 3.02. Proof of Membership. No person or persons shall exercise the rights of membership (including the right to vote) until satisfactory proof has been furnished to the Secretary of the Corporation of the qualification of such person as a Member or a nominee of a Member pursuant to the terms of the Restrictions, the Articles of Incorporation, and these Bylaws. Such proof may consist of a copy of a duly executed and acknowledged grant deed or title policy showing such person or the person nominating such person as an Owner as such

term is defined in the Restrictions. Such deed or title policy shall be deemed conclusive in the absence of a conflicting claim based upon a later deed or title policy.

Section 3.03. No Additional Qualifications. No initiation fees, costs or dues shall be assessed against any person as a condition upon his exercise of the rights of membership except such assessments, levies and charges as are specifically authorized by the Restrictions, the Articles of Incorporation, or these Bylaws.

Section 3.04. Voting Rights of Members.

(a) The privilege of holding office and voting shall belong to the Class A Members and the nominee of a Class B Member. Voting rights attributable to a Unit shall not vest until such Unit becomes subject to assessments accruing pursuant to the Restrictions. Each Class A membership shall have one (1) vote and each Class B membership shall have three (3) votes, without regard to the number of Owners of a particular Unit or Lot. There shall be one (1) person designated for each membership to cast the vote. If there is more than one Owner for a Unit or Lot, the voting Member shall be designated by the Owners of each Unit or Lot and written notice of such designation shall be delivered to the Secretary of the Corporation. The designation of a voting Member may be revoked at any time by delivery of written notice to the Secretary of the Corporation executed by the Owners of the Lot to which the membership is appurtenant. The power herein conferred to designate a voting Member and to revoke such designation may be exercised by an Owner's conservator or by the guardian of his estate or in the case of a minor having no guardian, the parent or parents entitled to custody of such minor, or by the Executor or Administrator of a deceased Owner during the administration of his estate if the Unit or Lot is subject to administration in such estate.

(b) Where no voting Member has been designated, or such designation has been revoked as provided herein, the voting Member shall be the Owner of the Unit or Lot to which the membership is appurtenant or the group of persons composed of all the Owners of such Unit or Lot. Any or all of the persons comprising such a group may be present at any meeting and such group may cast a vote or take any other action as a voting Member provided there is unanimous consent of all such persons present at any such meeting (such consent to be evidenced by a written proxy signed by all of the persons present). No vote shall be counted for any membership where there is no designated voting Member, except that if the group representing all

of the Owners of the Unit or Lot to which the membership is appurtenant cannot unanimously consent to a vote or other act, their vote shall be split equally among them.

Section 3.05. Exercise of Voting Rights. Voting at meetings of the Members may be done either in person or by proxy, and in the case of a partnership or a corporation owning any Unit such voting shall be by proxy only. All proxies shall be in writing and filed with the Secretary of the Corporation at or prior to the commencement of any meeting at which the same will be exercised. A proxy shall be valid for the time specified as its term, or if no such time is specified, and subject to Section 4.08, until the same is revoked in writing or a proxy bearing a later date is filed with the Secretary of the Corporation. The death or incapacity of the person executing a proxy shall not affect its validity until written notice of such death or incapacity is given to the Secretary of the Corporation. The powers of a proxy holder will be suspended if the person executing such proxy attends the meeting and elects to vote in person.

Section 3.06. Membership Rights and Privileges. No Member shall have the right without prior approval of the Board of Directors to exercise any of the powers or to perform any of the acts which are by these Bylaws or the Restrictions delegated to the Board of Directors.

Section 3.07. Termination of Membership. Membership in this Corporation shall terminate only upon the Member ceasing to be an Owner of a Unit or Lot.

#### ARTICLE IV

##### MEETINGS OF MEMBERS

Section 4.01. First Meeting and Annual Meetings. The first meeting of the Members, whether a regular or special meeting, shall be held not later than forty-five (45) days after the completion of the sale of 51% of the Units or Lots in the Project as defined in the first Public Report from the California Department of Real Estate for the Project, or six (6) months from the date of conveyance of the first Unit or Lot, whichever occurs first. Thereafter, the Members shall meet annually on the first Monday in March at such time and place within the Project or as close thereto as is practical as

shall be fixed by the Board of Directors. At such first meeting and at each annual meeting the Members shall elect, by secret written ballot, the members of the Board of Directors to fill any expired term or vacancy and transact such other business as may come before the meeting.

Section 4.02. Special Meetings. Special meetings of Members may be called and held at such times and places within the Project or as close thereto as is practical as may be ordered by the Board of Directors. Special meetings of the Members shall be called by a majority of the quorum of the Board, or by written request signed by the holders in good standing of not less than five percent (5%) of the voting power of the Corporation.

Section 4.03. Notice. Written notice of annual and special meetings shall be delivered either personally or by mail to each Member in good standing addressed to him at his address as it appears on the books of the Corporation, or by other means which are appropriate given the layout of the Project, not less than ten (10) days nor more than ninety (90) days prior to the date of any meeting at which Members are required or permitted to take any action.

Section 4.04. Contents of Notice. Notice of meetings of Members shall specify the place, the day, and the hour of the meeting and, in the case of special meetings, the general nature of the business to be transacted.

Section 4.05. Quorum. The presence, in person or by proxy of Members in good standing holding at least fifty percent (50%) of the voting power shall constitute a quorum for the transaction of business at all meetings. If any meeting cannot be held because a quorum is not present, a majority of the Members present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called, at which reconvened meeting the quorum requirement shall be only twenty-five percent (25%) of the voting power. If after the adjournment a new date is fixed for the adjourned meeting, notice of the time and place of the adjourned meeting shall be given to the Members in the manner prescribed for regular meetings.

Section 4.06. Loss of Quorum. The Members present at a duly called or held meeting at which quorum is present may continue to do business until adjournment notwithstanding the withdrawal of enough Members to leave less than a quorum.



Section 4.07. Voting Rights. Each Member in good standing shall be entitled to vote on each matter submitted to a vote of the Members subject to the rules set forth in Sections 3.04 and 3.05 of these Bylaws and the Restrictions. Any Member at any election for Directors shall have the right to cumulate his votes and give one candidate a number of votes equal to the number of Directors to be elected multiplied by the number of votes to which he is entitled, or to distribute his votes on the same principle among as many candidates as he shall see fit. The candidates receiving the highest number of votes up to the number of Directors to be elected shall be elected, and there shall also be cumulative voting in all voting by Members on the question of the removal of a Director or Directors pursuant to the California Corporation Code. Voting for Directors shall be by secret written ballot.

Section 4.08. Proxy Voting. Members in good standing may vote in person or by written proxy executed and filed with the Secretary, provided, however, that no proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy, which in no case shall exceed seven (7) years from the date of its execution.

Section 4.09. Conduct of Meetings. Meeting of Members shall be presided over by the President of the Corporation or, in his absence, by the Vice-President or, in the absence of both, by a chairman chosen by a majority of the Members in good standing present in person or by proxy. The Secretary of the Corporation shall act as Secretary of all meetings of Members, provided that in his absence the presiding officer shall appoint another person to act as Secretary of the meeting.

Section 4.10. 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, but 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 4.11. Action Without Meeting. Any action, which under the provisions of the California Corporations Code may be taken at a meeting of the Members, except the election of Directors where cumulative voting is a requirement, may be

taken without a meeting if done in compliance with the provisions of Section 7513 of the Corporations Code and if authorized by a writing signed by all of the Members who would be entitled to vote at a meeting for such purpose, and filed with the Secretary of the Corporation.

## ARTICLE V

### BOARD OF DIRECTORS

#### Section 5.01. Number and Qualifications of Directors.

The authorized number of Directors of the Corporation shall be five (5) until changed by a Bylaw amending this Section, duly adopted by the vote or written assents of Members entitled to exercise seventy-five percent (75%) of the voting power. All Directors shall be Owners of a Unit or Lot in the Project, except for the original Directors appointed by the Declarant, and except for any nominee of the Declarant duly elected by the Members. Notwithstanding the foregoing, from and after the sale or lease of at least one Unit or Lot in the Project, at least one representative of the Board shall at all times be elected solely by the votes of Owners other than the Declarant for so long as the Owners other than the Declarant do not have a sufficient percentage of the voting power of the Corporation to elect at least one Director through the cumulating of all of their votes, or so long as there are two outstanding classes of membership in the Association.

Section 5.02. Powers. Subject to the limitations imposed by the laws of the State of California, the Restrictions, the Articles of Incorporation, and these Bylaws as to action to be authorized or approved by the Members, and subject to the duties of the Directors as prescribed by these Bylaws, all powers of the Corporation shall be controlled by the Board of Directors. Without limiting such general powers, but subject to the same limitations, it is hereby expressly declared that the Board of Directors shall have the following powers:

(a) To select and to remove all the officers, agents and employees of the Corporation, prescribing such powers and duties for them as may not be inconsistent with the Articles of Incorporation or these Bylaws, fix their compensation, and require from them security for faithful service, and to delegate powers of the Board to committee, officers or employees.

(b) To conduct, manage, and control the affairs and business of the Corporation, and to make such rules and regulations therefore not inconsistent with the Restrictions, the Articles of Incorporation or these Bylaws as they may deem proper.

(c) To borrow money and incur indebtedness for the purposes of the Corporation, and for that purpose to cause to be executed and delivered, in the corporate name, promissory notes, bonds and debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidence of debt and securities.

(d) To appoint and remove such committees and chairmen of committees as it deems necessary or appropriate for the efficient operation of the Corporation. Members of said committees need not be Members of the Corporation, but such committees shall report directly to an officer or Director of the Corporation, or to the Board of Directors, or to an executive committee, as may be specified by the Board. Such committees will have the power and authority to bind the Corporation in such matters as may be specifically resolved by the Board of Directors.

(e) To exercise all of the powers and privileges and perform all of the duties and obligations of the Corporation and its Board as set forth in the Restrictions, the Articles of Incorporation and these Bylaws or as may be reasonably necessary, proper or convenient for the lawful accomplishment of the general and specific purposes of the Corporation.

Section 5.03. Election and Term of Office. Directors shall be elected by secret written ballot at the annual meeting as set forth in Section 4.01 of these Bylaws. All Directors shall be elected for concurrent annual terms and shall hold office until their respective successors are elected.

Section 5.04. Vacancies.

(a) Vacancies in the Board of Directors may be filled by a majority of the remaining Directors, though less than a quorum, and each Director so elected shall hold office until his successor is elected at an annual meeting of Members, or at a special meeting called for that purpose. Provided, however, the filling of a vacancy in the Board of Directors which was created by the removal of a Director shall require the vote or written assent of a majority of the voting power of the Members other than the Grantor.

(b) A vacancy or vacancies shall be deemed to exist in case of the death, resignation, or removal of any Director or if any Director ceases to be a record Owner of a Unit or Lot, or if the Members shall increase the authorized 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 the case the Members fail at any time to elect the full number of authorized Directors.

(c) The Members may at any time elect Directors to fill any vacancy not filled by the Directors, and may elect the additional Directors at the meeting at which an amendment of the Bylaws is voted authorizing an increase in the number of Directors.

(d) If any Director tenders his resignation to the Board of Directors, the Board shall have the power to elect a successor to take office at such time as the resignation shall become effective. 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 5.05. Removal. The Members by majority vote at any annual or special meeting may remove any Director and may elect a new Director to serve the unexpired term of any Director so removed; provided, however, that unless the entire Board is removed no individual Director shall be removed prior to the expiration of his term of office if the votes cast against the resolution for his removal would be sufficient to elect him if voted cumulatively at an election at which the same number of votes were cast and the entire number of Directors authorized at the time of the most recent election of the Director were then being elected. Provided, further, a Director who has been elected to office solely by the votes of Members other than the Declarant may be removed from office prior to the expiration of his term of office only by the vote of at least a simple majority of the voting power residing in the Members other than the Declarant.

Section 5.06. Place of Meeting. All meetings of the Board of Directors shall be held at a place within the Project as may be designated at any time by resolution of the Board or by written consent of all members of the Board. All regular and special meetings of the Board shall be open to all Members of the Association; provided that the Members who are not Directors may not participate in any deliberation or discussion unless expressly authorized by a vote of a majority of a quorum of the Board. The Board may, with the approval of a majority of a quorum of the Board, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters,

litigation in which the Corporation is or may become involved, and 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.

Section 5.07. Organization Meeting. Immediately following each annual meeting of Members, the Board of Directors shall hold a regular meeting for the purpose of organization, election of officers and the transaction of other business. Notice of such meeting as provided in Section 5.09 hereof shall be given to all Members.

Section 5.08. Other Regular Meetings. Other regular meetings of the Board of Directors shall be held monthly on the first Monday of the month at 7:30 p.m.; provided, however, should said day fall upon a legal holiday, then said meeting shall be held at the same time on the next day thereafter ensuing which is not a legal holiday. Notice of all such regular meetings of the Board of Directors as provided in Section 5.09 hereof shall be given to all Members.

Section 5.09. Special Meetings. Special meetings of the Board of Directors for any purpose or purposes shall be called at any time by written notice signed by the President of the Association, or by any two Directors. Written notice of the time and place of special meetings and the nature of any special business to be considered shall be delivered personally to the Members and Directors or the Member's and Director's residence or sent to each Member and Director by letter or by telegram, charges prepaid, addressed to him at his address as it is shown upon the records of the Corporation. In case such notice is delivered personally or by telegraph, it shall be delivered at least seventy-two (72) hours prior to the time of the holding of the meeting; in case such notice is mailed, it shall be deposited in the United States mail, first-class, registered or certified at least four (4) days prior to the time of holding the meeting. Such mailing, telegraphing or delivery as above provided shall be due, legal and personal notice to such Director and Members. Notice of the meeting need not be given to any Director who has signed a waiver of notice or a written consent to the holding of the meeting.

Section 5.10. 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 and the reconvened meeting is set for a date less than thirty (30) days from the date of the adjourned meeting.

Section 5.11. 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 5.12. 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 at such meeting 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 5.13. 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 5.14. 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 5.15. Fees and Compensation. Directors shall not receive any stated salary for their services as Directors, although they shall be entitled to receive reasonable reimbursement for costs as determined by the Board. 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 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. If any compensation is to be paid to officers or Directors over and above their actual expenses incurred in the conduct of the Corporation's business, such compensation must be approved by a vote of at

least a majority of the voting power of the Members, excluding the Declarant and its successor in interest, if any, to five or more Units.

Section 5.16. 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.

Section 5.17. Executive Committee. The Board of Directors shall have the power to appoint an Executive Committee and to delegate to such Committee any of the powers and authority of the Board in the management of the business and affairs of the Corporation except the power to adopt, amend or repeal Bylaws. The Executive Committee shall be composed of two or more Directors.

Section 5.18. Accounting. The Board of Directors shall cause to be maintained a full and complete set of books and records showing the financial condition of the affairs of the Corporation, such books and records to be maintained in accordance with generally accepted accounting principles consistently applied.

Section 5.19. Records of Meetings. The Board of Directors shall cause to be maintained a complete record of all their minutes and acts and of the proceedings of the Directors and of the Members. Such records and documents shall be kept and maintained in the manner consistent with reasonably prudent practice which would be applicable to a business for profit.

Section 5.20. Discharge of Duties. In discharging their duties and responsibilities the Board of Directors shall act on behalf of and as the representatives of the Members, and no Director shall be individually or personally liable or obligated for performance or failure of performance of such duties and responsibilities unless he fails to act in good faith.

Section 5.21. First Directors. Prior to the election of the Board of Directors at the first meeting of Members, all the responsibilities, rights, duties and powers of the Board of Directors shall be vested in the first Directors named in the Articles of Incorporation or elected by the Incorporator, and with respect to such period, each reference to the Board of Directors contained in these Bylaws shall be deemed to refer to such persons.



## ARTICLE VI

### OFFICERS

Section 6.01. 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 the Board deems proper. Officers other than the President need not be Directors or Members. One person may hold two or more offices, except those of President and Secretary.

Section 6.02. Election. The officers of the Corporation 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 6.03. Compensation. Unless otherwise authorized by the Board, officers of the Corporation shall serve without compensation, except that they shall be allowed and paid at the discretion of the Board their actual and necessary expenses incurred in performing their duties.

Section 6.04. Removal and Resignation. Any officer may be removed, either with or without cause, by a majority of the Directors at the time in office, 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 6.05. 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 6.06. 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. He shall preside at all meetings of the Members and at all meetings of the Board of Directors. He shall be ex-officio a member of all standing committees, including the



Executive Committee, if any, and shall have the general powers and duties of management usually vested in the office of President of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or by the Bylaws.

Section 6.07. 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 powers of, and be subject to all the restrictions upon the President. The Vice-President shall have such other powers and duties as may be prescribed by the Board of Directors or by the Bylaws.

Section 6.08. 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 the meetings of the Members and of the Board of Directors required by the Bylaws or by law to be given, and he shall keep the seal of the Corporation in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

Section 6.09. Treasurer. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct amounts 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 depositaries as may be designated by the Board of Directors. He 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 of his transactions as Treasurer and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

## ARTICLE VII

### MISCELLANEOUS

Section 7.01. Checks, Drafts, Etc. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Corporation, shall be signed or endorsed by such persons and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

Section 7.02. Contracts, Etc. How Executed. The Board of Directors, except as in the Bylaws otherwise provided or limited, 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 7.03. Inspection of Bylaws and Records. 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. The membership register, books of account, and minutes of meetings of the Members, Directors, and committees of the Corporation shall be made available for inspection and copying by any Member of the Corporation, 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 Corporation or at such other place within the Project as the Board shall prescribe. The Board shall establish reasonable rules with respect to: (1) notice to be given to the custodian of the records by the Member desiring to make the inspection; (2) hours and days of the week when such an inspection may be made; (3) payment of the cost of reproducing copies of documents requested by a Member. Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Corporation and the physical properties owned or controlled by the Corporation. The right of inspection by a Director includes the right to make extracts and copies of documents.

Section 7.04. 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 7.05. Amendments. New Bylaws may be amended or repealed prior to the automatic conversion of Class B Members to Class A Members by approval of: (a) The vote of at least a majority of the total Class A Members and of the total Class B Members present in person or by proxy at a duly called meeting of Members, at which a quorum is present, which meeting was noticed for the purpose of considering such Bylaw amendments, or (b) the written consent of Members representing at least a majority of the voting power of both Class A Members and Class B Members. Upon the automatic conversion from Class B membership to Class A membership, amendments to these Bylaws shall require the vote of at least a majority of a quorum of the Members at a duly called meeting for the purpose of amending these Bylaws or the written consent of at least a majority of the voting power of the Association, provided that such vote or written consent includes at least 51% of the voting power of Members other than the Grantor. Provided, however, if any provision in these Bylaws or any law requires specific approval in excess of such majority vote for amending such specific provision, such higher approval shall be required to amend such provision.