

BY-LAWS

SAN ELIJO HILLS HOMEOWNERS ASSOCIATION

ARTICLE I.

OFFICES

1.01. The principal office of the corporation for the transaction of its business is located at 666 San Mario Drive, Solana Beach, San Diego County, California 92075.

ARTICLE II.

MEMBERS

2.01. Classes of Membership and Rights.

The corporation shall have one (1) class of members only, and the property and other rights, interests, and privileges of each member in good standing shall be equal. No member shall hold more than one (1) membership in the corporation.

2.02. Qualifications.

Every beneficial owner of real property situated in the area known as San Elijo Hills, sometimes hereinafter referred to as the "defined area", in Solana Beach, San Diego County, California, which area is more particularly described in the exhibit attached hereto, marked Exhibit A, and incorporated herein, is eligible for membership in this corporation.

2.03. Admission.

Application for membership shall be in writing on a form prescribed by the Board of Directors. The application shall include, in addition to such other matters as shall be determined by the Board, an undertaking by the applicant to comply with and be bound by the Articles of Incorporation of this corporation, by these By-Laws, and by any amendments

thereto, and by the policies, rules and regulations at any time adopted by the corporation in accordance with these By-Laws. Such applications shall be accompanied by a sum equal to 1 year prorated annual dues as provided in these By-Laws.

2.04. Termination of Membership.

Membership in this corporation shall terminate on the death of the member or on his ceasing to be a beneficial owner of property within the defined area. Membership in this corporation shall not be transferable or assignable.

2.05. Fees and Dues.

(a) Annual dues shall be in an amount determined by the Board of Directors, provided, however, that such dues shall not exceed the sum of \$12.00 per year. Notwithstanding any other provision of these By-Laws, this By-Law can be amended or repealed only by the vote of two-thirds or more of the members in good standing of this corporation and not otherwise.

(b) Any member who fails to pay dues for a period of thirty (30) days from the date on which such dues become payable, or who fails to pay any assessment in full, as hereinafter provided, on or prior to the delinquent date thereof, shall, for the purposes of voting, be considered a member not in good standing and dropped from active membership. Any member who fails to pay any assessment in full within ten (10) days after the delinquent date thereof, shall be dropped from active membership and his name shall be placed on the inactive roll. Such member shall not be reinstated to good standing in the corporation until he has paid all dues and assessments in full from the date on which they became delinquent. All members other than those described in this paragraph are members in good standing.

2.06. Assessments.

(a) Membership shall be subject to assessment, provided, however, that assessments shall not exceed the total aggregate sum of \$10.00 per year. The amount of each levy shall be fixed from time to time by resolution of the Board of Directors.

(b) Every resolution of the Board of Directors levying an assessment shall specify the amount thereof; to whom and where payable; and fix a day on which the unpaid assessments become delinquent.

(c) Notwithstanding the provisions of Paragraphs (a) and (b) of this section, assessments shall be levied only when annual dues are insufficient to pay the expenses of the corporation and only for the following purposes:

(i) To pay taxes and assessments, if any, which may be levied by any governmental authority on any of the areas or ornamental features held or used in common within said area;

(ii) To do any and all lawful things and acts which the Board of Directors, in its discretion, deems to be in the best interests of the defined area and of the owners of lots therein, and to pay all costs and expenses in connection therewith;

(iii) To enforce any restrictions, conditions, covenants, changes, and agreements at any time created for the benefit of any property owned by a member, and for the collection of the dues and assessments as provided in these By-Laws;

(iv) To pay all license fees and other governmental charges, if any, levied or imposed on or against the corporation or its properties; or

(v) To conduct the business of the corporation.

Notwithstanding any other provision in these By-Laws, this Section 2.06 can be amended or repealed only by the vote or written assent of two-thirds or more of the members in good standing of this corporation.

2.08. Membership Certificates.

The Board of Directors may provide for the issuance of certificates evidencing membership in the corporation.

ARTICLE III

MEETINGS OF MEMBERS

3.01 Annual Meetings.

The members shall meet annually in June at such time and place as shall be fixed by the Board of Directors for the purpose of electing Directors and transacting such other business as may come before the meeting.

3.02. Regular Meetings.

In addition to the annual meeting, members shall meet regularly at such time and place as shall be determined by the Board of Directors.

3.03. Special Meetings.

Special meetings of members may be called and held at such times and places as may be ordered by the Board of Directors. Special meetings of the members shall be called by the President or by the Board within fourteen (14) days after receiving a written request for such meeting signed by the holders in good standing of not less than ten percent (10%) of the voting power of the corporation.

3.04. Notice.

Written, typed or printed notice of 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, not less than

seven (7) days prior to the date of such meeting, by or at the direction of the Secretary.

3.05. 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.

3.06. Quorum.

The presence, in person or by proxy, of fifty one percent (51%) of the members in good standing shall constitute a quorum. In the absence of a quorum, any meeting of members may be adjourned from time to time by the vote of a majority of the voting power present, in person or by proxy, but no other business shall be transacted.

3.07. 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 following rules:

Each member beneficially owning one (1) or more single family dwelling lots within the defined area shall be entitled to the number of votes equal to the total number of lots so owned by him.

3.08. Proxy Voting.

Members in good standing may vote in person or by written proxy executed and filed with the Secretary.

3.09. Conduct of Meetings.

(a) Meetings 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 (or holders of a majority of the voting power) 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.

(b) Meetings shall be governed by ROBERT'S RULES OF ORDER, as such rules may be revised from time to time, insofar as such rules are not inconsistent or in conflict with these By-Laws, with the Articles of Incorporation of the corporation, or with law.

ARTICLE IV

DIRECTORS

4.01. Number.

The corporation shall have seven (7) directors and collectively they shall be known as the Board of Directors.

4.02. Powers.

The Directors shall, subject to the limitations set forth in the Articles of Incorporation, exercise the powers of the corporation, control its property, and conduct its affairs.

4.03. Qualifications.

Each Director shall be a member of the corporation. Directors shall be eligible for re-election without limitation of the number of terms they may serve, provided they continue to meet the qualifications therefor.

4.04. Vacancies.

Any vacancy occurring in the Board of Directors and any vacancy created by reason of an increase in the number of Directors shall be filled by a majority of the remaining Directors, though less than a quorum, or by a sole remaining Director. A Director elected to fill a vacancy shall serve the unexpired term of his predecessor.

4.05. Regular Meetings.

(a) The Board of Directors shall meet regularly at least once each month on such day and at such time as it shall by resolution specify.

(b) Special Meetings.

Special meetings of the Board of Directors may be called by or at the request of the President or any two (2) Directors.

(c) Notice.

Notice of the time and place of meetings shall be given by, or at the direction of, the Secretary to each Director personally or by United States mail addressed to him at his address as it appears on the books of the corporation at least seven (7) days prior to the date of the meeting.

(d) Quorum.

A majority of Directors shall constitute a quorum for the transaction of the business.

(e) Conduct of Meetings.

Meetings of Directors shall be governed by ROBERT'S RULES OF ORDER, as such rules may be revised from time to time, insofar as such rules are not inconsistent or in conflict with these By-Laws, with the Articles of Incorporation, or with law.

4.06. Majority Action as Board Action.

Every act or decision done or made by a majority of the Directors present at any meeting duly held at which a quorum is present is the act of the Board of Directors, unless the law, the Articles of Incorporation, or these By-Laws require a greater number.

ARTICLE V

OFFICERS

5.01. Number and Titles.

The officers of the corporation shall be a President, a Vice President, a Secretary and a Treasurer.

5.02. Qualification, Election and Term of Office.

Officers shall be members or Directors of the corporation and elected annually by the Board of Directors at the first regular meeting of the Board following the annual election of Directors, and each officer shall hold office until he resigns, or is removed, or is otherwise disqualified to serve, or until his successor shall be elected, whichever occurs first.

5.03. Removal and Resignation.

Any officer may be removed as such with or without cause by a majority of the Directors at the time in office, and such officer shall be removed as such should he cease to be qualified for the office as in these By-Laws provided. Any officer may resign at any time by giving written notice to the Board of Directors, or to the President or Secretary of the corporation. Any such resignation shall become effective on the date of receipt of such notice or at such later time as may be specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be required to make it effective.

5.04. Vacancies.

A vacancy in any office caused by the death, resignation, removal, disqualification, or otherwise, shall be filled by the Board of Directors for the unexpired portion of the term.

5.05. Duties of President.

The President shall exercise general supervision of the affairs and activities of the corporation, shall preside at all meetings of the members and Board of Directors at which he is present, and shall serve as an ex officio member of all standing committees.

5.06. Duties of Vice President.

The Vice President shall assume the duties of the President whenever the latter is absent or is unable or refuses to act.

5.07. Duties of Secretary.

The Secretary shall keep the minutes of all meetings of the members and of the Board of Directors and shall be the custodian of all corporate records. He shall also keep at the principal office of the corporation, a membership book containing the name and address of each member, and, in any case where membership has been terminated, record such fact in the book together with the date on which the membership ceased.

5.08. Duties of Treasurer.

The Treasurer shall receive all funds of the corporation, shall deposit such funds as provided in Section 7.03 of these By-Laws, and shall pay out funds as provided in Section 7.02 only.

5.09. Compensation.

Officers of the corporation shall serve without compensation.

ARTICLE VI

COMMITTEES

6.01. The corporation shall have the following standing committees, each of which shall be chaired by a Director.

(a) Program and Social Committee.

The Program and Social Committee shall arrange programs for

all regular meetings as may be requested by the President, and arrange for social activities.

(b) Membership Committee.

The Membership Committee shall contact and enroll all persons eligible for membership, shall make recommendations regarding eligibility, and shall promote membership attendance at all meetings and corporate activities.

(c) Covenants Committee.

The Covenants Committee shall promote compliance with and administer such covenants and restrictions now of record or as may be approved or amended by the vote of two-thirds (2/3) or more of all members in good standing of the corporation.

(d) Ad Hoc Committees.

Ad Hoc Committees for specific purposes or activities may be designated from time to time by resolution of the Board of Directors.

6.02. Vacancies.

Any vacancy on any Committee may be filled in the same manner as provided in the case of the original appointment and any such appointee shall serve the unexpired portion of his predecessor's term.

ARTICLE VII

INSTRUMENTS, DEPOSITS AND FUNDS

7.01. Contracts.

The Board of Directors may authorize any officer or agent of the corporation, in addition to the officers so authorized by these By-Laws, to enter into any contract or execute and deliver any instrument in the name of, and on behalf of, the corporation, and such authority may be general or confined to specific instances. Unless so authorized, no officer, agent or

employee shall have any power or authority, except as in these By-Laws provided, to bind the corporation by any contract or engagement or to pledge its credit or to render it liable pecuniarily for any purpose or in any amount.

7.02. Checks.

All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the corporation shall be signed by the Treasurer and President.

7.03. Deposits.

All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the Board of Directors may select.

7.04. Gifts.

The Board of Directors may accept on behalf of the corporation any contribution, gift, bequest or devise for the general purposes or for any special purpose of the corporation.

ARTICLE VIII

BY-LAWS

8.01. Effective Date.

These By-Laws shall become effective immediately on their adoption. Amendments to these By-Laws shall become effective immediately on their adoption unless the Board of Directors, or members, in adopting them, provide that they are to become effective at a later date.

8.02. Amendment.

Except as otherwise expressly provided herein, new By-Laws may be adopted or these By-Laws amended or repealed by the vote or written assent of members entitled to exercise a majority of the voting power of the corporation.

or by the vote of a majority of a quorum at a meeting duly called and noticed for the purpose, and subject to the power of the members to change or repeal them, and subject to the Articles of Incorporation of this corporation, and to law, by the vote of a majority of the Directors.

8.03. Certification and Inspection.

The original, or a copy of the By-Laws as amended or otherwise altered to date, certified by the Secretary of the corporation, shall be recorded and kept in a book which shall be kept in the principal office of the corporation, and such book shall be open to inspection by the members at all reasonable times during office hours.

ARTICLE IX

MISCELLANEOUS PROVISIONS

9.01. Corporate Seal.

The Board of Directors shall provide a corporate seal. Such seal shall be affixed to all corporate instruments, but failure to affix it shall not affect the validity of any such instrument.

9.02. Fiscal Year.

The fiscal year of the corporation shall be the calendar year.

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, being all of the persons appointed in the Articles of Incorporation to act as the first Board of Directors of San Elijo

Hills Homeowners' Association hereby assent to the foregoing By-Laws, and adopt the same as the By-Laws of said corporation.

IN WITNESS WHEREOF, we have hereunto set our hands this 25 day of August, 1975.

Amy J. Fucido

Edward S. Thompson

Robert Berman

Richard M. Kelly

Vicki J. Shea

Peter J. Reed

Richard M. Hutchison

THIS IS TO CERTIFY:

That I am the duly elected, qualified and acting Secretary of SAN ELIJO HILLS HOMEOWNERS' ASSOCIATION and that the above and foregoing By-Laws were adopted as the By-Laws of said corporation on the 25 day of August, 1975, by the persons appointed in the Articles of Incorporation to act as the first Directors of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand this 25 day of August, 1975.

Vicki J. Shea
Secretary

THIS IS TO CERTIFY:

That I am the duly elected, qualified and acting Secretary of SAN ELIJO HILLS HOMEOWNERS' ASSOCIATION and that the above and foregoing By-Laws was

submitted to the shareholders at their first meeting held on the 17 day of September, 1975, and was ratified by the vote of the shareholders entitled to exercise the majority of the voting power of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand this 17 day of September, 1975.


Secretary