

ARTICLE 4

MEMBERS

4.1 Membership; Voting Rights. The qualification for membership, the classes of membership and the voting rights of Members and voting rights through Delegates shall be as set forth in Article 3 of the Declaration, all of which are hereby incorporated by reference herein. The provisions of these Bylaws, which are binding upon all Members, are not exclusive, as Members shall also be subject to the terms and provisions of the Community Articles, the Declaration and the Community Association Rules.

4.2 Membership Certificates. In its discretion, the Community Board may, but need not, issue appropriate membership certificates evidencing membership in the Community Association.

4.3 Place of Meeting. All meetings of Members shall be held at the principal office of the Community Association, or at such other place in the County of San Diego, in reasonable proximity to the Covered Property, as may be fixed from time to time by resolution of the Community Board.

ARTICLE 5

DELEGATE DISTRICTS AND
SELECTION OF DELEGATES

5.1 Delegate Districts. Pursuant to the terms of the Declaration, Delegate Districts shall be established and Delegates shall be appointed to cast all votes and exercise all authority of the Members on behalf of the Owners. The Covered Property shall be divided into Delegate Districts and Delegates shall be selected as described below.

5.1.1 Portions of the Covered Property With a Condominium Project Association. If a Condominium Project Association is created for the administration of any Project within the Covered Property, then the real property covered by the Project Declaration shall constitute one (1) Delegate District ("Project Delegate Districts"). The president of the Condominium Project Association shall be the Delegate of such Delegate District. The vice-president of the Condominium Project Association shall act as an alternate Delegate for the President and shall perform all of the duties of the Delegate in the event the president is removed from office or otherwise resigns pursuant to the provisions of the bylaws of such Condominium Project Association, until such time as a successor president is appointed. Immediately upon the appointment of a successor to fill any vacancy in the office of president of any Condominium Project Association, such successor shall automatically become the appointed Delegate of such Delegate District.

5.1.2 Portions of the Covered Property Without a Condominium Project Association. For portions of the Covered Property for which a Condominium Project Association is not created ("Special Delegate Districts"), the Delegate District(s) shall be established by Declarant from time to time by the recordation in the Office of the County Recorder of a written instrument signed by Declarant containing a legal description of the Special Delegate District and a statement that such Special Delegate District shall constitute all or a portion of a Delegate District. The requirement for a written instrument may be satisfied by the recordation of a Supplementary Declaration. The Delegate (and alternate Delegate) to represent any Special Delegate District, shall be elected, removed and instructed by Members in such Special Delegate District in accordance with the voting procedures set forth below, except that such Delegate shall not be entitled to cast any votes allocated to the Declarant. In electing such Delegate, each Owner shall be entitled to cast a number of votes equal to the number of votes allocated to such Owner pursuant to the Section of Article 3 of the Declaration entitled "Classes of Voting Membership/Delegate Vote Entitlement".

5.2 Selection of Delegates in Special Delegate Districts.

5.2.1 Meetings; Selection and Removal of Delegate. There shall be a meeting of the Members in Special Delegate Districts every year in which the term of office of the Delegate representing such Special Delegate District expires. The first meeting of the Members in such Special Delegate District shall be held at any time within ninety (90) days prior to an Annual Meeting of the Delegates or such earlier time, if directed by the Community Board. At the first meeting of the Members of a Special Delegate District and at each subsequent biennial meeting (which shall be held at any time within ninety (90) days of the Annual Meeting of the Delegates), the Members shall elect a Delegate (and alternative Delegate) to represent them. The Delegate shall be elected by a majority of a quorum of the Members in such Delegate District. Such Delegate shall continue in office for two (2) years or until a successor is elected, whichever is later, unless such Delegate is removed with or without cause, pursuant to the Section of this Article entitled "Removal of Delegates".

5.2.2 Location and Notice of Meetings. Meetings of Members shall be held at a location within the Special Delegate District or at such other convenient location on or near the Covered Property or within the County of San Diego, California, as may be designated in the notice of the meeting. Written notice of meetings shall state the place, date and time of the meeting and those matters which the Community Board, at the time the notice is given, intends to present for action by the Members. Those Members appearing in the official records of the Community Association on the date ninety (90) days prior to the scheduled date of any meeting of the Members required or permitted to be held under the Declaration as record owners of Residential Lots located in the Special Delegate District shall be entitled to notice of any such meetings. Notice of any meeting at which Delegates are to be elected shall include the names of all those who are nominees at the time the notice is given to Members. Unless approved by a majority of the Community Directors, nominations for Delegates shall not be accepted on the date of the meeting at which the Delegates are to be selected. The Secretary of the Community Association shall cause notice of meetings in such Special Delegate District to be sent to each

Member within the Special Delegate District no later than fifteen (15) days prior to the meeting. A special meeting of the Members in such Special Delegate District may be called at any reasonable time and place by written request (a) by a Merchant Builder for such Special Delegate District, for so long as the Merchant Builder (if any) is a Class B Member, (b) by Declarant, for so long as Declarant is a Class B or Class C Member, (c) by the Delegate representing Members in such Special Delegate District, or (d) by the Members in the Special Delegate District having five percent (5%) of the total voting power within such Special Delegate District. To be effective, such written request shall be delivered to either the President, Vice President, or Secretary of the Community Association. Such officers shall then cause notice to be given to Members within the Special Delegate District entitled to vote that a meeting will be held at a time and place to be fixed by the Community Board of Directors of the Community Association not less than fifteen (15) days, nor more than thirty (30) days after receipt of the written request. Notice of special meetings shall specify the general nature of the business to be undertaken and that no other business may be transacted.

5.2.3 Joint Owner Voting. If there is more than one (1) record Owner of any Residential Lot, any and all of the Owners owning such Residential Lot may attend any meeting of the Members within the Special Delegate District, but the vote attributable to the Residential Lot so owned shall not be increased by reason thereof, and only one such co-Owner shall be entitled to exercise the vote to which the Residential Lot is entitled. A majority of the co-Owners of a Residential Lot may from time to time designate in writing one of their number to vote. Fractional votes shall not be allowed, and the vote for each Residential Lot shall be exercised, if at all, as a unit. Where no voting co-Owner is designated, or if the designation has been revoked, the vote for the Residential Lot shall be exercised as the co-Owners owning a majority of interests in the Residential Lot direct.

5.2.4 Proxies. At all meetings of Members each Member may be present in person or by a representative, known as a proxy, duly authorized by an instrument in writing and filed with the Community Board prior to the meeting to which it is applicable. Proxies shall specify the person or persons authorized to exercise the proxy and the length of time the proxy will be valid. Any proxy distributed by any person to the membership of the Association shall afford the opportunity to specify a choice between approval or disapproval between each matter or group of matters to be acted upon, and where the Member specifies a choice, the vote shall be cast in accordance with that choice. It is not mandatory that a candidate for election to the governing body be specifically named in the proxy. All proxies shall be revocable at any time by written notice to the Community Board or by attendance in person by such Member at the meeting for which such proxy was given and all proxies shall automatically cease when the ownership interest or interests of such Member entitling him to membership in the Association ceases. In any event, no proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy, except that the maximum term of any proxy shall be three (3) years from the date of execution. Such powers of designation and revocation may be exercised by the guardian of any such Member's estate or by such Member's conservator, or in the case of a minor having no guardian, by the parent entitled to such minor's custody, or during the administration of any such Member's estate, by his or her executor or

administrator where the latter's interest in such property is subject to administration in his or her estate.

5.2.5 Vote Appurtenant to Residential Lot. The right to vote in any such Special Delegate District may not be severed or separated from the ownership of the Residential Lot to which it is appurtenant, except that any Member may give a revocable proxy in the manner described above, or may assign such Owner's right to vote to a lessee or tenant actually occupying his Residential Lot or Mortgagee of the Residential Lot concerned, for the term of the lease or Mortgage, and any sale, transfer or conveyance of such Residential Lot to a new Owner or Owners shall operate automatically to transfer the appurtenant vote to the new Owner subject to any assignment of the right to vote to a lessee or Mortgagee as provided herein.

5.2.6 Quorum. The presence at any meeting, in person or by written proxy, of the Members entitled to vote at least twenty-five percent (25%) of the total votes within the Special Delegate District shall constitute a quorum. If any meeting cannot be held because a quorum is not present, the Members present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be the presence, in person or by written proxy, of the Members entitled to vote at least five percent (5%) of the total votes within such Special Delegate District. 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 annual or special meetings, as applicable. The Members present at each meeting shall select a chairperson to preside over the meeting and a secretary to transcribe minutes of the meeting. Unless otherwise expressly provided, any action authorized hereunder may be taken at any duly noticed meeting of such Members owning Residential Lots in a Special Delegate District for which a Condominium Project Association has not been created, upon the affirmative vote of the Members having a majority of a quorum of the voting power present at such meeting, in person or by proxy; provided, however, that the only matters that may be voted upon at any meeting attended, in person or by proxy, by less than one-third of the total voting power of the Members within the Special Delegate District are matters for which notice of the general nature of such matter was provided to the Members in the notice of the meeting.

5.3 Costs of Election. The Community Association shall pay all costs of providing notices and conducting any meetings within a Special Delegate District.

5.4 Failure to Elect a Delegate. The Community Board shall have the right to appoint a Delegate to represent the membership of any Special Delegate District in the absence of an election by the Owners within such Special Delegate District or to serve until any such Delegate is duly elected.

5.5 Delegate for Declarant's Votes. Notwithstanding anything to the contrary set forth herein, Declarant shall appoint its own Delegate to cast all votes allocated to Declarant

pursuant to the provisions of the Section of Article 3 of the Declaration entitled "Membership and Voting Rights of the Association," which Delegate may only be removed or replaced by Declarant.

5.6 Voting Procedure of Delegates. Each Delegate District shall elect one (1) Delegate (and one (1) alternate Delegate) to the Community Association to exercise the voting power of all of the Class A Members except the votes allocated to Declarant and Merchant Builders in such Delegate District. Any votes allocated to Declarant and Merchant Builders shall be cast by the Delegate selected by Declarant. The chairperson of any meeting at which a Delegate or alternate Delegate is elected shall certify in writing to the Community Board the name and address of the Delegate or alternate elected, the time and place of the meeting at which the election occurred and the Delegate District which the Delegate represents. Each Delegate shall be entitled to cast the Class A and Class B votes representing Residential Lots in his or her Delegate District with respect to each such Residential Lot only during such periods as the Owner of such Residential Lot may be entitled to cast votes for the election of a Delegate as provided herein. Delegates may only act personally at a meeting of the Delegates of the Delegate District or by written ballot, and may not act by proxy. If a Delegate ("Absent Delegate") is not present at a duly called meeting of the Delegates, then the alternate for such Absent Delegate may attend the meeting and exercise all rights, powers and votes to which the Absent Delegate would be entitled. If the Absent Delegate should arrive prior to the adjournment of any such meeting, the alternate shall no longer be entitled to act in the place of the Absent Delegate; provided that such relinquishment of authority by the alternate shall not invalidate any matter previously voted or acted upon by the alternate in his or her temporary capacity as Delegate.

5.7 Delegate Qualifications and Nominations. Delegates must be (a) an authorized agent, employee or other appointee of Declarant or a Merchant Builder, or (b) a Member of the Community Association who is an Owner in the Delegate District for which such Delegate is being elected. If the Member is a corporation, partnership, or other such entity, the authorized agent of such corporation, partnership or other entity shall be eligible for election as a Delegate. Any Member within a Special Delegate District may nominate any eligible person, with that person's consent, for election as delegate in a Special Delegate District. Such nominations shall be delivered in writing to the Community Board at such time and place as the Community Board may specify.

5.8 Delegate Terms. Each Delegate from a Special Delegate District, shall serve a term of two (2) years. Delegates for Project Delegate Districts shall serve a term in accordance with the requirements of the Condominium Project Association. The office of a Delegate shall be deemed vacant upon the death, resignation, removal or judicial adjudication of mental incompetence of a Delegate, or upon the Delegate's failure to satisfy all of the qualifications of Delegates as specified in the Section of this Article entitled "Delegate Qualifications and Nominations" or in case the Members in any Delegate District fail to elect a Delegate. Except as provided in Section 5.5 hereof, Delegate vacancies caused by any reason other than the removal of a Delegate shall first be filled by the alternate Delegate, and if there is no alternate Delegate,

by a vote of a majority of the Community Board. Subject to the eligibility and vacancy provisions herein, each such person shall serve the remainder of the unexpired term of office of the predecessor Delegate, or until a successor is elected at a meeting of the Members in such Delegate District.

5.9 Removal of Delegates. A Delegate from a Special Delegate District may be removed with or without cause by the vote in person or by proxy at any duly constituted meeting of at least a majority of a quorum of the Members in the Delegate District; provided, that in no event shall a Delegate be removed unless the votes cast in favor of such removal equal the lesser of (a) the number of votes which elected such Delegate to his or her current term, or (b) a majority of the total voting power of the Members in such Delegate District.

5.10 Allocation of Delegate Votes. All voting rights shall be subject to the provisions set forth in the Declaration and these Bylaws. Whenever any provision of the Declaration or Bylaws requires a vote of the Members to elect Community Directors or to increase or impose any Community Assessments or to amend any provision of the Declaration or Bylaws or to initiate any claim, including litigation under the provisions of Article 4 of the Declaration entitled "Claims and Actions" ("Owner Participation Issues") such matters shall be submitted to the Delegates in accordance with the provisions set forth below.

5.10.1 Procedures for Obtaining Votes for Owner Participation Issues. Written notice of the substance of the Owner Participation Issues shall be given to the Delegates at least sixty (60) days prior to the date on which the Owner Participation Issues shall be discussed at a meeting of the Delegates. During the sixty (60) day period prior to the meeting, the Delegates shall submit the Owner Participation Issues to a vote of the Members within their respective Delegate Districts. Except as otherwise specifically provided in the Declaration or these Bylaws, as long as there exists a Class B Membership, all Owner Participation Issues shall require the approval of Delegates casting the specified percentage of the voting power of both the Class A and the Class B membership and upon termination of all of the Class B membership, all Owner Participation Issues shall require the approval of (a) the specified percentage of the voting power of the Delegates, and (b) such specified percentage of the voting power of the Delegates attributable to Members other than Declarant and all Merchant Builders. When voting on Owner Participation Issues each Delegate shall cast all of the votes attributable to Owners represented by such Delegate actually voting (whether in person, proxy, written ballot, or, in the case of Declarant's Delegate, based upon written instructions) in such Delegate District "for" or "against" such Owner Participation Issues in the same manner as such votes were cast by the voting Owners.

5.10.2 Procedures for Delegate Action Items. Whenever a matter which the Declaration, Community Articles, Bylaws, the California Civil Code or the California Corporations Code requires to be approved by the vote of Delegates representing a majority or other specified percentage of the total voting power of the Community Association (i.e., excluding matters requiring approval of the Class C Member or a mere majority of a quorum of Delegates as defined in the Bylaws) is presented to the Delegates for approval other than an

Owner Participation Issue, the Delegates shall cast the votes of the Owners represented by such Delegate actually voting (whether in person, by proxy or written ballot, or in the case of Declarant's Delegate, based upon written instructions) in such Delegate District's "for" or "against" such matters in the same manner as such votes were cast by the voting Owners. The Delegate shall cast votes attributable to Owners within the Delegate's District who have not voted on such matters ("Absentee Votes") as set forth below.

a. If fifteen percent (15%) or more of the votes in the Delegate District attributable to Owners other than Declarant and the Merchant Builders have been cast, then any Absentee Votes attributable to such Owners shall each be cast "for" and "against" the applicable matter in the same proportions as the votes cast by the Owners other than Declarant as provided above.

b. If less than fifteen percent (15%) of the votes in the Delegate District attributable to Owners other than Declarant and Merchant Builders have been cast, then the Absentee Votes shall be voted "for" or "against" the applicable matter in such proportions as the Delegate shall, in the Delegate's discretion, determine appropriate.

5.10.3 Declarant's Votes. Notwithstanding anything to the contrary set forth here, the votes attributed to Declarant (or assigned by a Merchant Builder to Declarant) shall be voted by Declarant's Delegate, in accordance with Declarant's instructions.

5.11 Voting Reports. In order to verify compliance with the foregoing voting requirements, each ballot cast by a Delegate (except a Delegate selected by Declarant to cast Declarant's votes) shall contain such Delegate's certification of the following information: (a) the total number of votes in the Delegate District; (i) the total number of votes cast "for" and "against" the particular matter on behalf of Members other than Declarant and Merchant Builders; and (ii) the total number of votes cast by such Delegate "for" and "against" the particular matter. The inspector of the elections shall tabulate the total number of votes cast by all Delegates in each of the foregoing categories in order to determine whether the necessary approvals have been obtained. It will be conclusively assumed for all purposes of Community Association business that each Delegate casting votes on behalf of the Owners of Residential Lots in his or her Delegate District will have acted with the authority and consent of all such Owners. All agreements and determinations lawfully made by the Community Association in accordance with the voting procedures established herein, and in the Bylaws, shall be deemed to be binding upon all Members, Owners and their respective successors and assigns.

5.11.1 Transfer of Membership Upon Sale. If the Owner of any Residential Lot fails or refuses to transfer the membership registered in his or her name to the purchaser of such Residential Lot upon transfer of fee title thereto, the Community Board shall have the right to record the transfer upon the books of the Community Association. The Community Association may levy a transfer fee against new Owners in the amount of the actual costs incurred by the Community Association to change its records and their Residential Lots in order to reimburse the

Community Association for the costs of transferring the memberships to the new owners on the records of the Community Association.

ARTICLE 6

MEETINGS OF DELEGATES

6.1 Place of Meeting. All meetings of Delegates shall be held at the principal office of the Community Association, or at such other place in the County of San Diego, in reasonable proximity to the Covered Property, as may be fixed from time to time by resolution of the Community Board.

6.2 Annual Meeting. The first Annual Meeting of the Delegates shall be held no later than nine (9) months after the closing and recording of the sale of the first Residential Lot under the first Public Report issued for the Covered Property. A regular Annual Meeting of the Delegates shall be held in the same month of each year-thereafter on a day and at an hour to be established by the Community Board. Any Mortgagee, through its designated representative, shall be entitled to attend any such meeting but except as provided in the Article 18 of the Declaration entitled "Mortgagee Rights," shall not be entitled to vote at the meeting.

6.3 Special Meetings. It shall be the duty of the President to call a special meeting of the Delegates, either in his or her discretion, as directed by resolution of a majority of a quorum of the Community Board of Directors, or upon a petition being presented to the Secretary signed by Delegates representing at least five percent (5%) of the Voting Power. The notice of any special meeting shall be given within twenty (20) days after adoption of such resolution or receipt of such petition and shall state the time and place of such meeting and the purpose thereof. The special meeting shall be held not less than thirty-five (35) days nor more than ninety (90) days after adoption of such resolution or receipt of such petition. No business shall be transacted at a special meeting other than business the general matter of which is disclosed in the notice. Each First Mortgagee may designate a representative to attend all special meetings of the Delegates. The special meetings of the Delegates shall, at the election of the Community Board, be open to attendance by all Members and by Mortgagee representatives to the extent of the permissible capacity of the meeting room.

6.4 Record Date and Closing Membership Register. The Community Board may fix, in advance, a date as the record date for determining which Delegates are entitled to notice of a meeting of Neighborhood Members. Such "notice" record date shall be not more than ninety (90) nor less than ten (10) days before the date of the meeting. If no "notice" record date is fixed, the record date for notice is the close of business on the business day preceding the day on which notice is given. The Community Board may fix, in advance, a date as the record date for determining which Delegates are entitled to vote at a meeting of the Delegates. Such "voting" record date shall be not more than sixty (60) nor less than ten (10) days before the date of the meeting. If no "voting" record date is fixed, Delegates who are otherwise eligible to vote are entitled to vote at the meeting. The Community Board may fix, in advance, a date as the record