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TO
RESTATED AND AMENDED BYLAWS
OF
PACIFIC BLUFFS MANAGEMENT CORPORATION NO. TWO

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RESTATED AND AMENDED BYLAWS
OF
PACIFIC BLUFFS MANAGEMENT CORPORATION NO. TWO
A California Nonprofit Mutual Benefit Corporation

ARTICLE I: PLAN OF CONDOMINIUM OWNERSHIP

Section 1.1. Name. The name of the corporation is PACIFIC BLUFFS MANAGEMENT CORPORATION NO. TWO, a California nonprofit mutual benefit corporation ("Association"). The principal office of the Association shall be located in the City of San Diego, County of San Diego, State of California.

Section 1.2. Applicability of Bylaws. The provisions of these Bylaws are applicable to the Project and all present and future Owners, their tenants, employees, guests or invitees, or other persons that might use the facilities of the Project in any manner. The mere occupancy or use of any portion of the Project shall acknowledge that these Bylaws are accepted, ratified and will be complied with by all such persons.

Section 1.3. Applicability of Declaration. These Bylaws are adopted in conjunction with that certain Restated and Amended Declaration of Covenants, Conditions and Restrictions for Pacific Bluffs Management Corporation No. Two ("Declaration"), and to the extent these Bylaws conflict with the provisions of the Declaration, the provisions of the Declaration shall govern and control the affairs of the Association and its Members.

ARTICLE II: DEFINITIONS

Section 2.0. "Articles" means the Articles of Incorporation of the PACIFIC BLUFFS MANAGEMENT CORPORATION NO. TWO, filed in the Office of the Secretary of State of the State of California on March 16, 1965, as the same may be amended from time to time.

Section 2.1. "Association" shall mean and refer to the Pacific Bluffs Management Corporation No. Two, a California nonprofit mutual benefit corporation, and its successors and assigns.

Section 2.2. "Board" shall mean and refer to the Board of Directors of the Association, as the same may be elected or appointed to serve from time to time.

Section 2.3. "Bylaws" shall mean and refer to these Restated and Amended Bylaws of the Association as the same may be further amended from time to time.

Section 2.4. "Common Area" shall mean the Common Area as identified and defined in the Condominium Plan and in the Declaration. The term "Exclusive Use Common Area" means those portions of the Common Area appurtenant to a Unit designated for the exclusive right and easement to use by the Unit Owner or owners of the adjoining patio or patios, the two-car carport or two-car enclosed carport and

the second story balcony, if any, as described in the Condominium Plan and in the Declaration.

Section 2.5. "Condominium" shall mean an estate in real property consisting of an undivided interest in common in the real property constituting the Project, together with a Separate Interest in space in a residential building situated on such property, and in other portions of the real property as defined in the Condominium Plans and in the Declaration.

Section 2.6. "Condominium Plan" shall mean and refer to that certain Certificate Under California Civil Code (hereafter "Civil Code") Section 1351 recorded on August 9, 1965, as Document 1965-142509 in the Official records of the San Diego County Recorder's Office, County of San Diego, State of California.

Section 2.7. "Declaration" shall mean that certain Restated and Amended Declaration of Covenants, Conditions and Restrictions for Pacific Bluffs Management Corporation No. Two applicable to the real property comprising the Pacific Bluffs Management Corporation No. Two condominium project recorded in the Office of the San Diego County Recorder's Office, State of California, including any amendments thereto as may be adopted and recorded from time to time.

Section 2.8. "Governing Documents" shall mean the Articles of Incorporation, Bylaws, Declaration and adopted rules and regulations which govern the operation of the Project and the affairs of the Association and its Members.

Section 2.9. "Member" shall mean those Persons entitled to membership in the Association as provided in the Bylaws and in the Declaration.

Section 2.10. "Owner" shall mean the record owner, whether one (1) or more Persons, of any Condominium as defined herein, including contract sellers and holders of fee simple title, a life estate or an estate for years, but excluding Persons or entities having any interest merely as security for the performance of an obligation.

Section 2.11. "Person" shall mean a natural person, a corporation, a partnership, a trustee, or other legal entity.

Section 2.12. "Project" shall mean the entire parcel of real property, including all structures and improvements erected thereon comprised of Separate Interests and Common Areas of the Pacific Bluffs Management Corporation No. Two condominium project as described in the Declaration.

Section 2.13. "Separate Interest" shall mean an individual Unit as defined in the Condominium Plan and in the Declaration.

Section 2.14. "Unit" shall mean the elements of a Condominium which constitute the Separate Interest of each Owner of a Condominium as shown and described on the Condominium Plan and in the Declaration.

ARTICLE III: MEMBERSHIP IN ASSOCIATION

Section 3.1. Membership. Every Owner of a Condominium shall be a Member of the Association. Membership shall be appurtenant to and may not be separated

from ownership of any Condominium. Each Owner is obligated to promptly, fully and faithfully comply with the provisions of the Governing Documents and the lawful directives of the Board of Directors and Officers of the Association. Membership in the Association shall not be transferred, pledged or alienated in any way, except upon the transfer of title or encumbrance of such Condominium to which it is appurtenant, and then only to the transferee(s) or mortgagee, in the case of an encumbrance of such Condominium. Any attempt to make a prohibited transfer is void. In the event that the Owner of any Condominium should fail or refuse to transfer membership to the purchaser of his or her Unit, the Association shall have the right to record the transfer on its books and thereupon the old membership in the name of the prior owner shall be null and void.

Section 3.2. Limitation on Membership. No Member shall have the right, without prior approval in writing from the Board, to exercise any of the powers or to perform any of the acts delegated to the Board in these Bylaws or the Declaration. Each Member of the Association, his or her immediate family, guests and tenants shall have the right to use and enjoy the Common Area, subject to the Governing Documents of the Association.

Section 3.3. Membership Suspension, Discipline, Etc. The membership rights and privileges, together with voting rights of a Member may be suspended by the Board for any period of time during which the assessment(s), or other authorized charges, which are the personal obligation of the Member remain unpaid and delinquent after notice and opportunity for hearing. In addition, a Member is subject to suspension of membership rights and privileges, the imposition of monetary penalties and other appropriate discipline for any breach, violation or infraction of the provisions of the Association's Governing Documents after notice and opportunity for hearing. However, any such suspension of member privileges or the imposition of member discipline shall require compliance with the following procedures:

A. The Board shall notify the Member in writing, by either personal delivery or first-class mail, at least ten (10) days prior to the meeting at which the Board intends to consider or impose discipline upon the Member, stating the date, time and place of the meeting, the nature of the alleged breach, violation or infraction for which the Member may be disciplined and shall inform the Member of his or her right to attend and address the Board at the meeting.

B. The portion of the meeting to consider or impose discipline shall be held in executive session if requested by the Member subject to the proposed discipline. The Board shall consider all evidence on whether or not to impose discipline and shall record the reasons for its decision in the minutes of the meeting. Any matters discussed in executive session shall be generally noted in the minutes of the immediately following meeting open to the entire membership.

C. If the Board decides to impose discipline on a Member, the Board shall provide the Member with a written notification of the disciplinary action taken, by either personal delivery or first-class mail, within fifteen (15) days of the Board's decision to impose discipline on that Member.

D. The Board's decision to impose discipline on the Member shall be final and binding on the Member, unless within fifteen (15) days of the Board's giving notice of its decision, the Member appeals the Board's decision to the general membership by

the Member requesting a special meeting of the members in accordance with these Bylaws for the purpose of reviewing and approving or overruling the Board's decision. A majority vote of members at any such duly noticed and held special meeting of the members shall be final and binding on all parties.

ARTICLE IV: MEETINGS OF MEMBERS

Section 4.1. Place of Meetings. All meetings of the members shall be held at the Project or at such other location in the city of San Diego, California, in close proximity to the Project as determined by the Board and designated in the notice of meeting.

Section 4.2. Annual Meetings of Members. Annual meetings of members shall be held on a date and time fixed by the Board, except that the annual meeting shall not be held on a legal holiday.

A. Notice Procedures: Written notice of each annual meeting shall be given to each Member, by personal delivery or by sending a copy of the notice by first-class, registered or certified mail, postage prepaid, and mailed to the address supplied by the Member to the Association for the purpose of giving notice. If no such address for notice is provided by the Member, then notice shall be deemed to have been duly given if mailed to the Member's Unit address within the Project or to the principal mailing address of the Association. All such notices shall be given not less than ten (10) days and not more than ninety (90) days before the annual meeting. The notice shall specify the date, time and place of the meeting and identify those matters which the Board, at the time of mailing the notice, intends to present for action by the members at the meeting. The notice of any annual meeting at which directors are to be elected shall include the names of all those who are nominees at the time the notice is sent to the members.

B. Required Notice of Certain Agenda Matters: If any of the following matters are intended to be presented at any meeting of the members, whether regular or special, the notice thereof shall state the general nature of the following matters to be submitted for action by the members;

- (1) Removal of a director without cause;
- (2) Filling vacancies on the Board by the members;
- (3) Amending the Articles of Incorporation, Bylaws or Declaration;
- (4) Approving a contract or transaction in which a director has a material financial interest;
- (5) Approving a plan of distribution of assets upon liquidation.

If the notice of meeting does not state that any of the above required matters are intended for action at the meeting, any member actions on such matters shall be invalid and void, unless otherwise validated by compliance with the provisions of Section 4.11 of this Article entitled "Consent of Absentees".

Section 4.3. Special Meetings of Members. Special meetings of members for any purpose or purposes whatsoever may be called at any time by the Board, the President, or by the written request to the Board by members having five percent (5%) or more of the voting power of the Association. Notice of such special meetings

shall be given in the same manner as for annual meetings of members. Notice of any special meeting shall specify, in addition to the place, date and time of such meeting, the general nature of the business to be transacted and no other business may be transacted at the meeting.

Upon request in writing to the Chairman of the Board, President, Vice President or Secretary by the required number of members entitled to call a special meeting of members, the Board (through its designated officer) shall cause notice to be given to the members entitled to vote that a special meeting shall be held at a time fixed by the Board not less than thirty-five (35) nor more than ninety (90) days after receipt by the Board of the written request for the special meeting. If the Board does not cause notice of the special meeting members to be given within twenty (20) days after receipt by the Board of a valid written request to call a special meeting of members, the members entitled to call the special meeting of members may give the notice and shall be reimbursed for the costs associated with calling and holding said meeting.

Section 4.4. Certification of Mailing of Notice. A certification of mailing (or other means of giving notice) of the notice of any members' meeting may be executed by the secretary, assistant secretary, or other officer or person designated by the Board for giving such notice, and if so executed and filed in the official records (minute book) of the Association then it shall be presumed that notice was duly given for the meeting.

Section 4.5. Waiver of Notice by Attendance. Attendance by a Member (in person or by proxy) at a membership meeting shall constitute a waiver of the notice of that meeting, except that the Member, at the beginning of the meeting, may object to any inadequacy or illegality of the notice and/or to the transaction of any business stated in the notice. However, attendance of a Member at a membership meeting shall not waive the right to object to the consideration of any matters not included in the notice of the meeting if that objection is expressly made at the meeting.

Section 4.6. Proxies. Every Member entitled to vote (or execute written consents) may do so in person or by a written proxy dated and signed by the Member and filed with the Secretary of the Association. The written proxy must designate the person(s) appointed to act as the agent for the Member. The term and revocability of proxies are governed by the California nonprofit mutual benefit corporations law.

In any election of directors, any form of proxy that is marked by a Member "withhold", or otherwise marked in a manner indicating that the authority to vote for the election of directors is withheld, shall not be voted for or against the election of directors.

Section 4.7. Quorum. The presence in person or by proxy of a majority of the voting power of the Association entitled to vote at any membership meeting shall constitute a quorum for the transaction of business. If a quorum is present, the affirmative vote of the majority of the Members represented at the meeting, entitled to vote and voting on any matter (other than the election of directors) shall be the act of the members, unless the vote of a greater number of votes is required by the California nonprofit mutual benefit corporation law. The Members present at a duly called and held membership meeting at which a quorum is present, may continue to do business until adjournment, notwithstanding the withdrawal of enough voting power to leave less than the meeting's initial quorum provided that any action taken

(except adjournment) is approved by at least a majority of the members which constitute the minimum required quorum to hold the meeting. If a quorum is not present the procedures for adjournment and the reduced quorum requirement is discussed in Section 4.12 entitled "Adjournment" of this ARTICLE.

Section 4.8. Parliamentary Procedures. Meetings of the membership of the Association shall be conducted in accordance with a recognized system of parliamentary procedure or in accordance with any parliamentary procedures adopted by the Board for conducting such meetings.

Section 4.9. Member Participation. The Association shall permit, in accordance with its adopted membership meeting procedures, any Member to speak at any meeting of the Association. The Board shall establish a reasonable time limit for members to speak before a meeting of the Association in accordance with the agenda for the meeting and the adopted parliamentary procedures for conducting such meetings.

Section 4.10. Voting of Memberships.

(A) Members of Record. The Person(s) holding membership in the Association as of the close of business on the day prior to the meeting date shall be deemed the Member of record for voting purposes at the meeting.

(B) Single Membership Vote. Ownership of a Condominium shall constitute a single membership vote in the Association. If more than one Person is the Owner of a Condominium, all such Persons shall be deemed to be one member for voting purposes (although all such Owners shall have all such other rights and obligations of membership as may be provided in the Association's Governing Documents). The co-Owners of a Condominium shall notify the Secretary of the Association, in writing, of the designated co-Owner having the sole right and authority to vote the membership on their behalf. If no such designation is received by the Secretary the vote of any co-Owner of record may be accepted as the sole binding vote for the Condominium and its other co-Owners. Each Owner of a Condominium shall furnish proof of ownership, as may be required by the Secretary of the Association, to establish any entitlement to membership or voting rights in the Association.

(C) Voting Eligibility. Only a Member in good standing shall be entitled to issue a proxy or to vote on any matter presented to the membership for approval or vote. The Association is not obligated to conduct a hearing in order to suspend a Member's voting privileges on the basis of nonpayment of assessments or other charges owing the Association, and in such cases the Member shall not be eligible to vote until the Member is in good standing with the Association.

(D) Voting Methods. At all meetings of members, each member shall be entitled to one vote for each single living Unit owned by the member. Voting may be conducted by voice, show of hands, roll call, by ballot, or in accordance with the procedures adopted by the Association. However, only in any election of directors, and only upon the request of any Member before the voting begins, if any Member requests to vote by secret ballot, then the voting for election of directors by all Members shall be conducted by secret ballot. In addition, any member at any election for directors shall have the right to cast one vote for each candidate up to the number of votes equal to the number of directors to be elected. The candidates

receiving the highest number of votes up to the number of directors to be elected shall be elected.

Section 4.11. Consent of Absentees. The transactions of any meeting of members, either annual or special, however called or noticed, and wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if a quorum is present, either in person or by proxy, and if, either before or after the meeting, each person entitled to vote who was not present, in person or by proxy, signs a written waiver of notice or a consent to a holding of the meeting, or an approval of the minutes thereof. Any such written waiver of notice or consent to holding of the meeting shall require specific disclosure of matters requiring special notice as provided in Section 4.2 (B) of this ARTICLE. All such written waivers, consents or approvals shall be filed with the Secretary and made a part of the minutes of the meeting.

Section 4.12. Adjournment of Membership Meetings: Any membership meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time as provided below by the vote of a majority of the voting power present, in person or by proxy, but in the absence of the minimum required quorum no other business may be transacted at the meeting.

(A) Quorum Not Present. If any membership meeting cannot be held because a quorum is not present, Members representing a majority of the votes present, either in person or by proxy, may adjourn the meeting to another time, date and place (but for not less than five (5) days or for more than forty-five (45) days from the date of the original meeting) by the vote of a majority of the Members present and voting. At the reconvened meeting the quorum requirement shall be the presence in person or by proxy of twenty-five percent (25%) of the total voting power of the Association (unless a greater quorum is required for specific actions by the Declaration or the California Nonprofit Mutual Benefit Corporations Code). Provided, however, that in the event the quorum requirement becomes twenty-five percent (25%) of the voting power of the Association, then the only matters that may be voted upon at any meeting actually attended in person or by proxy by one-third (1/3) or less of the voting power of the Association are matters notice of the general nature of which was given in the notice of meeting. If the meeting is adjourned to another time and place, notice need not be given of the continued (reconvened) meeting if the new date, time and place are announced at the meeting before adjournment.

(B) Quorum Present. Any meeting of members at which a quorum is present, in person or by proxy, may be adjourned for any reason to a place, time and date (not less than five (5) days or more than forty-five (45) days from the date of the original meeting) by the vote of Members representing a majority of the votes present, in person and by proxy, and voting. Notice need not be given of the continued (reconvened) meeting if the new date, time and place are announced at the meeting before adjournment. At the reconvened meeting only action that was noticed for the original meeting may be acted upon at the continuation of the meeting and no other business may be conducted.

Section 4.13. Action Without Meeting (Written Ballot Solicitation). Any action which may be taken at any regular or special meeting of the members may be taken without a meeting if there is compliance with all of requirements for a Written Ballot solicitation, as follows:

1) The Board must send a Written Ballot, by first-class, registered or certified mail, postage prepaid, to every voting Member of record in the Association soliciting the Member's vote and/or signed written approval, as to the specified action(s) or matter(s) to be voted on or approved in writing by the membership as specified in the solicitation; and,

2) The Written Ballot must specify the number of ballots which must be received by the Association (or postmarked) by a specified date in order to satisfy the minimum quorum requirement for each such action(s) or matter(s) which require a vote of the members as specified in the solicitation; and,

3) The Written Ballot must specify the number (or percentage) of votes which must be received by the Association (or postmarked) by a specified date in order to be counted for the required number (or percentage) of votes as required to approve each such action(s) or matter(s) which require a vote of the members as specified in the solicitation; and,

4) The form of the Written Ballot shall afford an opportunity on the written ballot for the Member to specify a choice between "approval" and "disapproval" and "abstain" as to each action(s) or matter(s), or group of related actions or matters, which require a vote of the members to be acted upon in the solicitation. Written Ballots shall be voted in accordance with the Member's specified choice (i.e. approval, disapproval or abstain) as to each such action(s) or matter(s) as set forth on the Written Ballots; and,

5) The required number of Written Ballots must actually be received by the Association (or postmarked) by the specified date in order to satisfy the minimum quorum requirement of each action(s) or matter(s) which require a vote of the members as specified in the solicitation. In addition, the required number (or percentage) of vote(s) must actually be received by the Association (or postmarked) by the specified date in order to be counted concerning the action(s) or matter(s) which require a vote of the members as specified in the solicitation.

6) If these Bylaws and the Written Ballot solicitation authorize and provide for the signed written approval by the members [either in conjunction with a vote of the members on the same action(s) or matter(s) or regarding different action(s) or matter(s) not submitted for a vote of the members] then all such signed written approvals received by the Association may be counted toward the required number (or percentage) of signed written approvals required to approve the action(s) or matter(s) when received by the Association. The action(s) or matter(s) will be approved when the required number (or percentage) of signed written approvals is received by the Association [independent of the result of the vote of the members on the same action(s) or matter(s) in response to the solicitation].

ARTICLE V: BOARD OF DIRECTORS

Section 5.1. Number and Qualification of Directors. The Board shall consist of seven (7) directors who must be Members of the Association until changed by amendment to this Section approved by the vote or written assent of a majority of the total voting power of the Association.

Section 5.2. Nominations for Director. The Board shall appoint a nominating committee to select qualified candidates for nomination for election to the Board of Directors. The nominating committee shall make its report to the Board a reasonable time before the date set for giving notice of the meeting at which directors will be elected. The Secretary shall send to each Member a list of candidates who have been nominated for director at the time of giving notice of meeting. The nominating committee shall nominate at least as many candidates as there are directors to be elected at the meeting. At the meeting to elect directors any Member present at the meeting in person may place names in nomination for director before the voting for directors begins.

Section 5.3. Election and Term of Office. At each annual meeting of members, the voting members shall elect as many directors as there are vacancies to be filled (for any reason) to serve for a terms of one (1) or two (2) years (as the case may be) or until their successors are elected. The normal term of service for directors shall be for two (2) years. However, as required, directors may be elected to serve a term of one (1) year to fill a vacant remaining two (2) year term of office. Normally, the members shall annually elect 3 directors in odd number years or 4 directors in even number years as needed to fill the vacancies caused by then expiring two (2) year terms of office.

Section 5.4. Voting for Directors. Voting for directors may be by voice, show of hands, roll call, by ballot, or in accordance with the procedures adopted by the Association. However, only in any election of directors, and only upon the request of any Member before the voting begins, if any Member requests to vote by secret ballot, then the voting for election of directors by all Members shall be conducted by secret ballot. In addition, any Member at any election for directors shall have the right to cast one vote for each candidate up to the number of votes equal to the number of directors to be elected. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected.

Section 5.5. Removal of Directors. The entire Board may be removed by the vote of a majority of the total voting power of the Association at any duly held meeting of the members noticed for that purpose. However, no single director or number of directors constituting less than the entire Board may be removed (unless the entire Board is removed) when the votes cast against removal, or not consenting in writing to such removal, would be sufficient to elect such director if voted cumulatively at an election at which the same total number of votes were cast (or, if such action is taken by written ballot, all memberships entitled to vote were voted) and the entire number of directors authorized at the time of the director's most recent election were then being elected.

Section 5.6. Vacancies. A vacancy (or vacancies) in the Board, except for vacancies created by removal, may be filled by a majority of the remaining directors, and each director so appointed shall hold office until his or her successor is elected at the next annual or special membership meeting called for that purpose. If more than one (1) vacancy exists on the Board, which has not been filled by the remaining director(s) for any reason, a regular or special meeting of Members may be duly requested in accordance with these Bylaws to elect the needed number of directors to fill all of the then vacant positions on the Board of Directors. In all other respects vacancies on the Board shall be governed by the California nonprofit mutual benefit corporations law.

