

BY-LAWS OF  
IVEY RIDGE HOMEOWNERS ASSOCIATION

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BY-LAWS OF  
IVEY RIDGE HOMEOWNERS ASSOCIATION

ARTICLE I  
NAME AND LOCATION

Section 1. Name and Location. The name of the corporation is IVEY RIDGE HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association." The principal office of the Association shall be located at the Project in the City of Oceanside, County of San Diego, State of California.

ARTICLE II  
DEFINITIONS

Section 1. Definitions. All terms as used in these By-Laws shall, unless stated otherwise, be defined as set forth in that certain "Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Ivey Ridge" recorded on September 27, 1996 as Instrument No. 1996-0492412, in the Official Records of San Diego County, California, and any amendments thereto. (Said Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements, and any amendments thereto, shall hereinafter be collectively referred to as the "Declaration.") All of the terms and provisions of the Declaration are hereby incorporated herein by reference.

ARTICLE III  
MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every person or entity who or which is an Owner, as defined in the Declaration, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest in any Lot in the Project merely as security for the performance of an obligation.

Section 2. Voting Rights. The Association shall have two (2) classes of voting membership, as follows:

(a) Class A. Class A Members shall be all Owners, with the exception of the Declarant until such time as the Class B Membership terminates, and shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they determine among themselves, but in no event shall more than one (1) vote be cast with respect to any Lot.

(b) Class B. The Class B Member shall be the Declarant, and shall be entitled to three (3) votes for each Lot owned in the Project upon which Declarant is then paying the

appropriate monthly Assessments provided for hereinbelow. The Class B membership shall cease and be converted to Class A membership upon the happening of either of the following events, whichever occurs earlier:

(1) The second anniversary of the close of escrow for the sale of the first Lot in the most recent Phase of the Project; or

(2) The fourth anniversary of the first close of an escrow in Phase 1.

Any action by the Association which must have the approval of the membership of the Association before being undertaken shall require the vote or written assent of both a majority of the Class B membership as well as a majority of the Class A membership, so long as there are two (2) outstanding classes of membership, unless a specific provision of the Declaration or these By-Laws or the Articles of the Association requires the approval of a greater percentage of the voting membership.

Section 3. Special Voting Procedures For Election to the Board. Notwithstanding any provision herein to the contrary, the Declarant shall be entitled to solely elect a majority of the members of the Board until the first to occur of the following events:

(a) The election of the Board immediately following the close of escrow by Declarant of at least ninety-five (95) Lots in the Project; or

(b) December 31, 2001.

In the event Declarant shall not have sold and closed escrows for at least ninety-five (95) Lots by December 31, 2001, Declarant's right to elect a majority of the members of the Board shall be automatically extended until the aforesaid number of Lots have been sold, but in no event later than December 31, 2002.

Notwithstanding the foregoing, the Class A Members shall be entitled to elect at least thirty-three percent (33%) of the members of the Board, so long as there are two (2) classes of membership outstanding in the Association.

Section 4. Vesting of Voting Rights. The voting rights attributable to any given Lot in the Project as provided for herein shall not vest until the Assessments provided for in the Declaration have been levied by the Association against said Lot.

Section 5. Adjustment of Voting Rights. The voting rights in the Association shall be adjusted upon the annexation of a subsequent Phase as provided for in the Declaration. Such

adjustment shall become effective upon the first close of an escrow for the sale of a Lot in such Phase.

Section 6. Suspension of Voting Rights. The Board shall have the authority to suspend the voting rights of any Member to vote at any meeting of the Members for any period during which such Owner is delinquent in the payment of any Assessment, regardless of type, it being understood that any suspension for nonpayment of any Assessment shall not constitute a waiver or discharge of the Member's obligation to pay the Assessments provided for in the Declaration.

Section 7. Transfer. The Association membership held by any Owner of a Lot shall not be transferred, pledged or alienated in any way, except as incidental to the sale of such Lot, and the membership shall be automatically transferred upon the sale of such Lot. In the event of such sale, the Association membership may only be transferred, pledged or alienated to the bona fide purchaser or purchasers of the Lot, or to the Mortgagee (or third-party purchaser) of such Lot upon a foreclosure sale, deed in lieu or other remedy set forth in the Mortgage. Any attempt to make a prohibited transfer is void and will not be reflected in the books and records of the Association.

Section 8. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time for each meeting. Every proxy shall be revocable and shall automatically terminate upon the earliest of the following: (a) the conveyance by the Owner of his Lot; (b) the date of automatic termination, if any, specified in the proxy, but not to exceed three (3) years from the date of issuance of the proxy; or (c) eleven (11) months from the date of issuance of the proxy, if no automatic termination date is specified in the proxy. Any form of proxy or written ballot distributed to the membership of the Association shall afford an Owner the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon at the meeting for which said proxy was distributed, except it shall not be mandatory that a candidate for election to the Board be named in the proxy or written ballot. The proxy or written ballot shall provide that, where the Owner specifies a choice, the vote shall be cast in accordance with that choice. In addition, the proxy shall also identify the person or persons authorized to exercise the proxy and the length of time it shall be valid.

Section 9. Determination of Record Date. In the event the Board does not fix a record date, the record date shall be determined in accordance with California Corporations Code Section 7611, as may be amended, from time to time.

(a) For Notice. Except as otherwise provided in Subsection (b) below, the Board shall fix, in advance, a date

as the record date for the purpose of determining the Members entitled to notice of any meeting of the Association at which Members are required or permitted to take action. Such record date shall not be more than ninety (90) days nor less than ten (10) days before the date of the meeting. If the Board fails to fix such record date, the record date for the purpose of determining the Members entitled to notice of any meeting of the Association shall be 5:00 p.m. on the business day preceding the day on which notice is given. A determination of Members entitled to notice of a meeting of the Association shall apply to any adjournment of the meeting, unless the Board fixes a new record date for the adjourned meeting.

(b) To Vote. The record date for the purpose of voting shall not be more than sixty (60) days before the date of the meeting.

#### ARTICLE IV MEETINGS OF MEMBERS

Section 1. Organizational and Annual Meetings. Regular meetings of Members of the Association shall be held not less frequently than once each calendar year at the time and place prescribed by these By-Laws. The Declarant shall hold the initial organizational meeting of the Association following incorporation of the Association. Thereafter, the first meeting of the Association, whether a regular or special meeting, shall be held within forty-five (45) days after the closing of the sale of the Lot which represents the fifty-first (51st) percentile interest authorized for sale under the original Final Subdivision Public Report for Phase 1 of the Project, but in no event shall the meeting be held later than six (6) months after the first closing of the sale of a Lot. At such meetings, there shall be elected by ballot of the Members a Board in accordance with the requirements of the Article herein entitled "Nomination and Election of Directors." The Members may also transact such other business of the Association as may properly come before them.

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

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

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

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



Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting (i) personally, (ii) by mailing a copy of such notice by first class mail, postage prepaid, addressed to a Member at the address of the Member appearing in the books of the Association or given by the Member to the Association for purpose of notice, and if no such address appears or is given, the notice may be effectuated in a manner consistent with Associations Code Section 7511(b), as may be amended from time to time, or (iii) posting the notice in a prominent place or places in the Common Area. Not less than ten (10) days nor more than ninety (90) days notice of any meeting at which Members are required or permitted to take action shall be provided to each Member, addressed to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice, or in compliance with Associations Code Section 7511(b). Such notice shall specify the place, day and hour of the meeting, those matters which the Board, at the time the notice is sent, intends to present for action by the Members, if any, and, in the case of a special meeting, the nature of the business to be undertaken at the meeting.

Section 4. Quorum. Except as may be otherwise required by the Declaration, the presence, in person or by proxy, of Owners holding at least fifty-one percent (51%) of the voting power of the Association shall constitute a quorum for the transaction of business at all meetings. In the absence of a quorum at a Members' meeting, a majority of those present, in person or by proxy, may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum shall be to a date not less than five (5) days and not more than thirty (30) days from the original meeting date. The quorum for such a meeting shall be at least twenty-five percent (25%) of the total voting power of the Association present, in person or by proxy. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings.

Section 5. Action Without Meeting. Any action which may be taken by the vote of Members at any regular or special meeting, except the election of Directors where cumulative voting is a requirement, may be taken without a meeting if the Association distributes a written ballot to every Member entitled to vote on the matter. Such ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Association, pursuant to Section 7513 of the California Corporations Code, as same may be amended, from time to time. All such written ballots shall be filed with the Secretary of the Association and maintained in the corporate records. Approval

by written ballot pursuant to this Section shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitations of ballots shall indicate the number of responses needed to meet the quorum requirement and shall state the percentage of approvals necessary to pass the measure submitted. The solicitation shall specify the time by which the ballot must be received in order to be counted. A written ballot may not be revoked.

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

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

ARTICLE V  
BOARD OF DIRECTORS:  
SELECTION, TERM OF OFFICE

Section 1. Number and Qualifications of Directors. The affairs of the Association shall be managed by a Board consisting of three (3) Directors, each of whom, except for those appointed and serving as first Directors, must either be an Owner of a Lot or an authorized agent and representative of Declarant so long as Declarant is entitled to annex Annexation Property to the Project pursuant to the Declaration.

Section 2. Election and Term of Office. At the first annual meeting of the Association, the Members shall elect the Directors in accordance with the provisions set forth herein. Except as otherwise provided by the Declarant's ability to elect a majority of Directors as set forth in Article III, Section 3, the three (3) Directors receiving the highest number of votes shall each be elected for a term of two (2) years. When the special voting procedure of Article III, Section 3 is no longer applicable, this election procedure shall operate without any qualification. Following the first annual meeting, and at each annual meeting thereafter, new Directors shall be elected to fill vacancies created by resignations or expiration of the terms of past Directors. Following the first annual meeting, the term of office for each successor Director shall be one (1) year. Any person serving as a Director may be re-elected, and there shall be no limitation on the number of terms which a Director may serve.

Section 3.      Removal. At any regular or special meeting duly called, any one (1) or more of the Directors may be removed, with or without cause, as provided herein, and a successor may then and there be elected to fill the vacancy so created. Unless the entire Board is removed from office by the vote of Association Members, an individual Director shall not be removed prior to the expiration of his term of office if the number of votes cast against his removal would be sufficient to elect the Director if voted cumulatively at an election at which the same total 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. A Director who has been elected to office solely by the votes of Members of the Association, 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 Members, other than the Declarant.

Section 4.      Vacancies. Vacancies on the Board caused by any reason, other than the removal of a Director by a vote of the Association, shall be filled by vote of a majority of the remaining Directors, even though they may constitute less than a quorum, and each Director so elected shall serve until a successor is elected at the next annual meeting of the Association. In the event that a majority of the remaining Directors are unable to agree upon a successor within fifteen (15) days following the occurrence of a vacancy, a special election to fill the vacancy shall then be held in accordance with the terms provided in the Article herein entitled "Nomination and Election of Directors," within not less than ten (10) days nor more than thirty (30) days following the expiration of said fifteen (15) day period. Notice of a special meeting and election shall be given in accordance with the terms provided in the Article herein entitled "Nomination and Election of Directors."

Section 5.      Compensation of Directors. No Director shall receive compensation for any service he may render to the Association, except as permitted under the Article contained in the Declaration entitled "Powers and Duties of the Association"; provided, however, that a Director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE VI  
NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board, other than the initial organizational meeting conducted by the Declarant, shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the Members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not fewer than the number of vacancies that are to be filled. Nominations may be made from among Members or non-Members so long as the Class B membership exists. Thereafter, nominations shall only be made from among Members.

Section 2. Election. Election to the Board shall be by secret written ballot. At such election, the Members may cast, with respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. Subject to Article III, Section 3, the persons receiving the largest number of votes shall be elected. Cumulative voting is required for all elections in which two (2) or more positions are to be filled; provided, however, that all cumulative voting hereunder shall comply with the procedural prerequisites of California Corporations Code Section 7615(b), as same may be amended, from time to time, which, as of the date these By-Laws were adopted, provides that no Member shall be entitled to cumulate votes for a candidate or candidates unless such candidate's or candidates' names have been placed in nomination prior to the voting and a Member has given notice at the meeting prior to the voting of said Member's intention to cumulate votes. If any one (1) Member has given such notice, all Members (including Declarant) shall have the right to cumulate votes and give one (1) candidate, or divide among any number of candidates, a number of votes equal to the total number of votes to which said Member is entitled to vote upon other matters multiplied by the number of Directors to be elected.

Section 3. Special Class A Voting Procedures. Notwithstanding any other provision herein or in any other document regarding this Project to the contrary, from the first election of the Board pursuant to an annual meeting, and thereafter for so long as a majority of the voting power of the Association resides in the Declarant, or so long as there are two (2) outstanding classes of membership in the Association, not less than thirty-three percent (33%) of the incumbents on the Board shall be elected solely by the votes of Owners, other than the Declarant. The election of Directors shall be first held by the Members, other than Declarant,

who shall elect the number of Directors to the Board which represents thirty-three percent (33%) of the Board (i.e., one [1] Director). Any Owner, with the exception of Declarant, shall be an eligible candidate for this special election. Such election shall be by written ballot, unless a majority of the Members, other than Declarant, determine otherwise. The remaining Directors shall be elected in accordance with the cumulative voting procedures established herein.

ARTICLE VII  
MEETINGS OF DIRECTORS

Section 1. Regular and Special Meetings. Regular meetings of the Board shall be held monthly or as otherwise determined by the Board but not less frequently than twice a year, and on such day and at such hour as may be fixed, from time to time, by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday. Notice of the time and place of a regular meeting shall be posted at a prominent place or places within the Common Area, by mail or delivery, or by newsletter or similar means of communication, and shall be communicated to the Directors not less than four (4) days prior to the meeting, unless the time and place of the meeting is fixed by the Directors and duly adopted herein; provided, however, that notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting. Special meetings of the Board shall be held when called by the President of the Association or by two (2) Directors, other than the President, provided that the Directors receive not less than four (4) days' notice by first-class mail, or forty-eight (48) hours in the case such notice is delivered personally or communicated by telephone or telegraph to the Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be transacted. Such notice, whether delivered personally to the Directors or sent to each Director by letter or by telegram (postage or charges prepaid), shall be to the address reflected in the records of the Association. Notwithstanding the foregoing, notice of the special meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting, or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting. Written notice of a special meeting shall be posted as prescribed for notice of regular meetings. Regular and special meetings of the Board shall be open to all Members of the Association; provided, however, that Association Members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board or required by law. The Board may, with the approval of a majority of its members present at a meeting in which a quorum for the transaction of business has been established, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel

matters, third party contracts, Member discipline, litigation in which the Association is or may become involved, personnel matters, and orders of business of a similar nature. The general nature of any and all business to be considered in executive session shall first be announced in open session.

Section 2. Meetings of Directors. The meetings of the Directors shall be held at the Project or as close thereto as possible as may be designated by the Board.

Section 3. Rights of Members to Attend Board Meetings. Any Member of the Association may attend meetings of the Board, except when the Board adjourns to executive session to consider litigation, matters that relate to contracts with third parties, Member discipline, personnel matters, or orders of business of a similar nature. Any matter discussed in executive session shall be generally noted in the minutes of the Board. In any matter relating to the discipline of a Member, the Board shall meet in executive session if requested by that Member, and the Member shall be entitled to attend the executive session.

Section 4. Minutes of Board Meetings. The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the Board, other than an executive session, shall be available to Members within thirty (30) days of the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any Member of the Association upon request and upon reimbursement by the Member of the Association's costs in making that distribution.

Members of the Association shall be notified in writing at the time that the pro forma budget required in Section 1365 of the California Civil Code, as amended from time to time, is distributed, or at the time of any general mailing to the entire membership of the Association, of their right to have copies of the minutes of meetings of the Board. The minutes may be obtained in accordance with the provisions of the Article herein entitled "Inspection of Books and Records."

Section 5. Action Without Meeting. The Board may take any action without a meeting if all members of the Board unanimously consent in writing to the action to be taken. If the Board resolves by unanimous written consent to take any such action, an explanation of the action taken shall be posted at a prominent place or places within the Common Area within three (3) days after the written consent of all Directors has been obtained.

Section 6. Conduct of Meetings. The President of the Association shall preside over all meetings of the Board held during the Board's term of office. In the event the President shall be absent from any meeting, said meeting shall be presided over by such other Director as may be elected by a majority of a quorum of

the Directors. The Secretary of the Association shall act as Secretary of the Board, but in the event the Secretary shall be absent, the President or presiding Director may appoint any person to act as Secretary for the meeting.

Section 7. Quorum. A majority of the total number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VIII  
POWERS AND DUTIES OF THE  
BOARD OF DIRECTORS

Section 1. Powers. The Board, for and on behalf of the Association, shall have the right and power to do all things necessary to conduct, manage and control the affairs and business of the Association. Subject to the provisions of the Articles, the Declaration and these By-Laws, the Board shall have all general powers authorized under the California Corporations Code for nonprofit, mutual benefit corporations.

Section 2. Duties. The Board shall perform and execute, for and on behalf of the Association, all of the duties which have been delegated to the Association as set forth in the Article entitled "Powers and Duties of the Association" in the Declaration.

ARTICLE IX  
OFFICERS AND THEIR DUTIES

Section 1. Enumeration and Qualifications of Officers. The officers of this Association shall be a President, Vice President, Secretary and a Treasurer. Said officers shall consist only of Members in good standing of the Association. Any Member serving as a Director of the Association may simultaneously serve as an officer thereof.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

Section 3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year, unless such officer shall sooner resign or shall be removed or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office at any time, with or without cause, by a majority of the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at such later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one (1) of any of the other offices, except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. Duties of the officers are as follows:

(a) President: The President shall preside at all meetings of the Members of the Association; shall see that orders and resolutions of the Board are carried out; shall co-sign all leases, mortgages, deeds and other written instruments, and shall co-sign all checks and promissory notes; provided, however, that the authority to co-sign all checks may be modified (e.g., assigned to a manager for the Project) by resolution of the Board.

(b) Vice President: The Vice President shall act in the place and stead of the President in the event of the President's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; shall co-sign all contracts, leases or other instruments executed in the name of or on behalf of the Association; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association, together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts all moneys of the Association and shall disburse such funds as directed by resolution of the Board; shall co-sign all checks and promissory notes of the Association; provided, however, that the au-



thority to co-sign all checks may be modified (e.g., assigned to a manager for the Project) by resolution of the Board; keep proper books of account; cause an annual audit of the Association books to be made by a certified public accountant, unless otherwise determined by the Board, at the completion of each fiscal year as provided for in the Declaration, and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

Section 9.        Compensation of Officers. No officer shall receive any compensation for services performed to the Association, except as permitted under the Article contained in the Declaration entitled "Powers and Duties of the Association"; provided, however, that an officer may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE X  
OBLIGATIONS OF MEMBERS

Section 1.        Assessments. All Members are obligated to pay, in accordance with the provisions of the Declaration, all Assessments imposed by the Association to meet all expenses of the Association. All delinquent Assessments shall be enforced, collected or foreclosed in the manner provided in the Declaration.

Section 2.        Maintenance and Repair. Every Member shall be responsible, at his sole cost and expense, for all maintenance and repair work on his Lot, as required in the Article of the Declaration entitled "Repair and Maintenance."

ARTICLE XI  
COMMITTEES

Section 1.        Appointment of Committees. The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board shall appoint other committees as deemed appropriate in carrying out its purposes.

ARTICLE XII  
INSPECTION OF BOOKS AND RECORDS

Section 1. Availability of Books and Records. Members of the Corporation shall have access to the Corporation's records in accordance with Section 8330 et seq. of the California Corporations Code, as same may be amended from time to time. In a manner consistent with the foregoing, the membership register, including mailing addresses and telephone numbers, books of account and minutes of meetings of the Members, of the Board and of any and all committees shall be made available to the extent required by law for inspection and copying by any Member of the Association, 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 Association or at such other place within the Project as the Board shall prescribe. The minutes (including proposed minutes for adoption or a summary of the minutes of any meeting of the Board, other than an executive session) shall be available to Members within thirty (30) days of such meeting. The minutes, proposed minutes or summary of the minutes shall be distributed to any Member upon request and upon reimbursement by the Member of the Corporation's actual costs in making that distribution. Members shall be notified in writing at the time that the pro forma budget required herein is distributed or at the time of any general mailing to the entire membership of their right to have copies of the minutes of meetings of the Board, and how and where those minutes may be obtained.

Section 2. Rules Concerning Inspection. The Board shall establish reasonable rules with respect to:

- (a) Notice to be given to the custodian of the records by the Member desiring to make the inspection;
- (b) Hours and days of the week when such an inspection may be made; and
- (c) Payment of the cost of reproducing copies of documents requested by a Member.

Section 3. Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association, and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents.

ARTICLE XIII  
NOTICE AND HEARING

Section 1.      Suspension of Privileges. In the event of an alleged violation of the Declaration, these By-Laws or the Rules and Regulations of the Association, and after written notice of such allegation, as provided below, the Board shall have the right, after conducting a hearing on the matter, as provided below, to discipline any Member by taking any one (1) or more of the following actions: (a) levying a Compliance Assessment as provided in the Declaration; (b) suspending or conditioning the right of said Member to use any Common Area, including any recreational facility located thereon, owned or operated by the Association; or (c) suspending said Member's voting privileges. Any such suspension shall be for a period of time not exceeding thirty (30) days for any noncontinuing violation, but in the case of a continuing violation, including, without limitation, the nonpayment of Assessments which have become delinquent, such suspension may be imposed so long as the violation continues.

Section 2.      Notice to Member. Written notice of the alleged violation shall be delivered personally or mailed to the Member by first class or registered mail, return receipt requested, at least fifteen (15) days before the proposed hearing on said alleged violation. Said notice shall contain: (a) an explanation in clear and concise terms of the nature of the alleged violation; (b) a reference to provisions of the Declaration, the Rules and Regulations or these By-Laws which said Member is alleged to have violated; and (c) the time and place for the hearing.

Section 3.      Hearing. The hearing shall be conducted by the Board, in executive session, who shall hear the charges and evaluate the evidence concerning the alleged violation. At the hearing, said Member shall have the right to present oral or written evidence concerning the alleged violation. The Board shall render its decision concerning the alleged violation to said Member not less than five (5) days after the hearing, and shall provide a written explanation of the suspension, fine or conditions, if any, imposed by the Board.

ARTICLE XIV  
AMENDMENTS

Section 1.      Amendments to By-Laws. So long as the two-class voting structure provided for herein shall remain in effect, these By-Laws may be amended only by the vote or written assent of sixty-seven percent (67%) of the voting power of each class of Members. In addition, so long as there is a Class B Membership, any amendment to these By-Laws shall require the approval of the Department of Veterans Affairs ("VA"). A draft of the amendment should be submitted to the VA for its approval prior to its approval by the membership of the Association. At such time as the

Class B membership shall cease and be converted to Class A membership, amendments to these By-Laws shall be enacted by requiring the vote or written assent of:

(a) Sixty-seven percent (67%) of the total voting power of the Association; and

(b) Sixty-seven percent (67%) of the votes of Members, other than the Declarant.

Notwithstanding the foregoing, the percentage of a quorum of the Members or of the votes of Members, other than the Declarant, necessary to amend a specific provision in these By-Laws shall not be less than the prescribed percentage of affirmative votes required for action to be taken under said provision.

ARTICLE XV  
CORPORATE SEAL

Section 1. Seal. The Association shall have a seal in circular form having within its circumference the words:

Ivey Ridge Homeowners Association

ARTICLE XVI  
MISCELLANEOUS

Section 1. Fiscal Year. The fiscal year of the Association shall be determined by the Board, and having been so determined, is subject to change, from time to time, as the Board shall determine.

Section 2. Checks and Drafts. All checks, drafts or other order for payments of money, notes or other evidences of indebtedness issued in the name of or payable to the Association shall be signed or endorsed by the President or Treasurer, and in such manner as, from time to time, shall be determined by resolution of the Board.

Section 3. Execution of Documents. The Board 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 Association, and such authority may be general or confined to specific instances, and unless so authorized by the Board, no officer, agent or employee shall have any power or authority to

bind the Association by any contract or engagement, or to pledge its credit, or to render it liable for any purpose or in any amount.

Section 4.      Dissolution. Any dissolution of the Association shall require the approval of the Board and the vote or written consent of both: (a) individual Members exercising at least a majority of the total voting power of the Association, and (b) individual Members exercising at least a majority of the voting power of the Association residing in Members, other than Declarant. Upon the winding-up and dissolution of the Association, after paying or adequately providing for the debts and obligations of the Association, the remaining assets shall be distributed to an appropriate public agency or any nonprofit corporation, association or trust, to be used for purposes similar to those for which the Association was created.

Section 5.      Conflict. In the case of any conflict between the Articles and these By-Laws, the Articles shall control, and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

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