

BYLAWS  
of the  
PALISAIR HOME OWNERS ASSOCIATION  
("Association")

A California Non-Profit Corporation

Previously, these Bylaws were modified by unanimous approval of the Members, present at the February 1, 1994 annual meeting of the Association.

On October 1, 2011, the requisite quorum of Members approved amending the Bylaws to include certain additional revisions and provisions as contained herein, including but not limited to requiring all Landowners to be Members of the Association and to create staggered terms of office for the Board of Directors. These Bylaws are a compilation of modifications which were unanimously approved by Members on February 1, 1994, and approved by a majority of a quorum of the Members on October 1, 2011.

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**ARTICLE 1  
MEMBERSHIP**

**Section 1.1. Membership**

1.1.1 Any person, firm, co-partnership or corporation qualifying as "landowner" in Tracts 15944, 15948, or 19890 pursuant to the definition given in the Declarations of Establishment of Protective Covenants and Restrictions (collectively "Declaration") imposed upon said three tracts by the instruments cited in the Articles of Incorporation of this Association shall be a member of the Association. However, where title to or a contract to purchase one or more lots or portions thereof is held in any form of co-tenancy, or co-ownership, or where several parties have an interest, equitable or otherwise, in such land, the membership shall be held jointly, but only one of the co-tenants or co-owners or parties in interest shall exercise the membership rights at any given time and be considered representing all others.

1.1.2 All Landowners shall be Members of the Association 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 the Landowners among themselves determine, but in no event shall more than one (1) vote be cast with respect to any lot.

1.1.3 The Association membership held by any Landowner of a lot shall not be transferred, pledged, or alienated in any way, except upon the sale or encumbrance of such lot. In the event of such sale or encumbrance, the Association membership may only be transferred, pledged or alienated to a bona fide purchaser of the lot, or to the mortgagee (or third-party purchaser) of such lot upon a foreclosure sale. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association.

**Section 1.2. Membership File**

1.2.1 The Association shall keep a Membership File containing the names, address and telephone numbers of each Member, books of accounts and copies of minutes of all membership, Board and committee meetings, and all Association Records as defined in Section 1365.2 of the California Civil Code, all of which shall be made available for inspection and copying by any Member of the Association, or by any Member's duly appointed representative and by all first Mortgagees, at any reasonable time and for a purpose reasonably related to such Member's interest as a Member, or Mortgagee pursuant to said Section of the Civil Code.

**ARTICLE 2  
DUES AND ASSESSMENTS**

**Section 2.1. Annual Assessments** The Board shall fix and determine from time to time annual assessments to be paid by each Landowner for the purpose of maintaining Directors and Officers Insurance, clerical services, legal counsel, miscellaneous office expenses, causing

and/or performing weed and brush abatement of the common area to promote fire safety and for such other purposes as may be set forth in the Declaration and these Bylaws. In the event the Association constructs any improvements in the common areas, the Association shall maintain an adequate reserve fund for maintenance, repairs and replacement of those elements of the common area that must be replaced on a periodic basis, and such reserve shall be funded by annual assessments.

**Section 2.2. Special Assessments** In addition to the annual assessments authorized above, the Board may levy special assessments on a Landowner for the purpose of enforcing compliance by that Landowner or such Landowner's lot with the provisions of the Declaration, the Articles of Incorporation, Bylaws and Rules and Regulations adopted by the Board, or for such other purpose as set forth in the Declaration.

**Section 2.3. Lien Rights** The provisions providing for the enforcement of liens and assessments by the Association are as set forth in the Declaration. The membership rights and privileges, together with the voting rights of any Member, may be suspended by the Board for any period of time during which the assessment on such Member's lot remains unpaid.

**Section 2.4. Commencement of Annual Assessments** The annual assessments shall commence as to all lots upon the first day of the month following the vote and approval by the Members to impose the obligation to pay annual dues upon every Landowner in the Project.

### ARTICLE 3 MEMBERS' MEETINGS

**Section 3.1. Annual Meeting** The only required meeting of the membership shall be the Annual Meeting held within six weeks after the close of the fiscal year, which shall be the calendar year, at which meeting the Members by vote shall elect the Directors of the Association, shall consider Annual Reports of the affairs of the Corporation, and shall transact such other business as may be properly brought before the meeting. Written notice of this Annual Meeting shall be given by either electronic transmission pursuant to Sections 20 and 7511 of the California Corporations Code, personally, or by sending a copy of the notice through the mail, addressed to each Member at his or her address as the same appears of record in the Membership File of the Corporation. If no address is supplied, notice shall be deemed to have been given if mailed to the address of the Lot owned by such Member or encumbered by the first mortgagee, or published at least once in a newspaper of general circulation in the county of said principal office. The notices must be given no less than ten (10) and no more than ninety (90) days before the date of such meeting and shall specify the place, day and hour of such meeting in accordance to California Corporations Code Section 7511; provided however, that if directors are to be elected, the notice and secret ballots stating the names of the nominees for election shall be delivered to Members at least thirty (30) days prior to the voting deadline as required by Section 1363.03 of the California Civil Code.

**Section 3.2. Special Meetings** All other meetings of the Members shall be Special Meetings. Such meetings may be called at any time by the President, and shall be called promptly in

response to the vote of a majority of a quorum of the Board, or by the written request of five percent (5%) or more of the voting power of the Members. Except in special cases where other express provision is made by statute, notice of any special meetings shall be given in the same manner provided for the Annual Meeting.

**Section 3.3. Quorum: Transaction of Business at Membership Meetings** One-third (1/3) of the total voting power of the Landowners, present in person or by proxy shall constitute a quorum for the transaction of business at all Member-s' Meetings. In the event any meeting of the Members cannot be held because a quorum is not present, the Members present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) no more than thirty (30) days from the time of the original meeting date, at which meeting the quorum requirement shall be twenty-five percent (25%) of the voting power of the membership of the Association; provided, however, if after adjournment a new date is fixed for the adjourned meeting, notice of the time and place of the adjourned meeting shall be given to the Members in the manner prescribed for regular meetings; provided further, that in the event the quorum requirement becomes twenty-five percent (25%) of the voting power of the membership, 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 are matters notice of the general nature of which was given in the notice of meeting.

**Section 3.4. Voting by, and Representation of, Members** Voting of the Members may be by voice or by ballot. However, elections regarding assessments legally requiring a vote, election and removal of Members of the Association Board of Directors, amendments to the governing documents, or the grant of exclusive use common area property pursuant to Section 1363.07 of the California Civil Code shall be held by secret ballot in accordance with Section 1363.03 of the California Civil Code. No Member may cumulate his or her vote, but any absent Member may vote by proxy, submitted in writing in advance of any Members' Meeting to the Secretary, authorizing the person named in such proxy to vote in the name and stead of such absent Member.

A Member may also appoint a permanent representative to cast such Member's votes or serve on committees. However, a proxy holder or representative cannot serve for a Member as officer or director. All proxies shall be revocable and shall automatically terminate upon transfer of title of a lot by the Landowner.

**Section 3.5. Members' Resolution a Corporate Act** Any resolution passed by a majority vote at a Members meeting at which a quorum is present in person or by proxy shall constitute an act of the Corporation without further action by the Directors.

#### ARTICLE 4 BOARD OF DIRECTORS

**Section 4.1. Make-up of the Board; Powers;** The powers of this corporation shall be exercised, its property controlled, and its affairs conducted by a Board of Directors of nine members, comprised of four officers of the Association and five persons from the Association

membership, all of whom shall be elected at the Annual Meeting of Members, and shall serve for said the term discussed below in Section 4.2. Their term of office shall commence immediately after election. The officers of the Association shall be officers of the Board of Directors.

The officers and Directors shall serve without compensation but may receive reimbursement of their outlays, if any.

**Section 4.2. Election and Term of Office** The Association shall have a staggered board of nine (9) members, with three (3) members having initial terms of three (3) years, and three (3) members having initial terms of two (2) years, and the remaining three (3) members having an initial terms of one (1) year. At the annual meeting of the members scheduled for September, 2011, the three candidates with the most votes shall be elected for terms of three (3) years, the three candidates with the fourth, fifth and sixth most votes shall be elected for terms of two (2) years, the candidates with the seventh, eighth and ninth most votes shall be elected for terms of one (1) year. In case of a tie, the person or persons elected for the longer terms of office shall be determined by lot. Upon the expiration of each director's term of office, each successor director shall be elected for a three (3) year term thereafter. If any such annual meeting is not held or the directors are not elected, the directors may be elected at any special meeting of Members for that purpose. All directors shall hold office until their respective successors are elected, subject to the Nonprofit Mutual Benefit Corporation Law and the provisions of these Bylaws with respect to vacancies on the Board.

**Section 4.3. Delegation of Powers and Authority to Executive Committee** The Board of Directors shall have authority to appoint, from among the Directors, an Executive Committee, which shall consist of three regular Members -a chairman and two other Directors- and to delegate to such Committee all of the powers and authority possessed by the Board except with respect to prescribed matters pursuant to California Corporations Code Section 7212. The Board may also appoint from among the Directors two alternate Members for the Committee either of whom the president or the Chairman shall assign to act for any regular Member in case of absence or disability of such regular Member. The Committee shall meet at the call of its chairman or any two regular Members. All decisions of the Executive Committee shall be by unanimous vote of the three Members (regular and/or alternate), sitting as the Executive Committee as herein provided and each such unanimous decision shall be valid as a corporate act. The Board of Directors at any regular or special meeting shall have power at pleasure to supplant or remove any or all regular or alternate Members of the Executive Committee and to recall the powers and authority delegated to such committee.

**Section 4.4. Quorum for Board Meetings** A majority of the Directors shall constitute a quorum for the transaction of business; and the act of a majority of the members of the Board present at any meeting at which there is a quorum, when duly assembled, shall be valid as a corporate act; provided, that a minority of the Board, in the absence of a quorum, may adjourn from day to day, but may not transact any business.

**Section 4.5. Vacancies** Any vacancy in the Board of Directors caused by death, resignation or disability, shall be filled by a majority vote of the remaining members thereof, although less than a quorum.

**Section 4.6. Regular and Special Meetings** Immediately following each annual meeting of the Members, the Board of Directors shall hold a regular meeting for the purpose of appointing from among the directors the four officers and an Executive Committee and for the transaction of other business. No notice of such meetings shall be required. Special meetings of the Board of Directors may be called at any time by the President or by any two members of the Board. Notice of the Special Meeting shall be communicated to each Lot in the development not less than four (4) days' prior to the meeting by first-class mail or with forty-eight (48) hours' notice delivered personally or by telephone, including a voice messaging system or by electronic transmission by the Association pursuant to Sections 20 and 7211 of the Corporation Code.

## **ARTICLE 5 OFFICERS**

**Section 5.1. Election and Term** The officers shall be a President, a Vice President, a Secretary and a Treasurer. Said officers of the Association shall be appointed by the Board of Directors, at the organizational meeting immediately following the Annual Meeting of the Members, and each shall hold such office until such officer shall resign, or shall be removed or otherwise disqualified to serve, or a successor shall be elected and qualified.

Any vacancy among the officers caused by death, resignation or disability, shall be filled by a majority vote of the Board of Directors.

**Section 5.2. President, Duties of**

The duties of the President shall be to:

- a) Preside over all meetings of the Members of the Association and its Directors.
- b) Sign, in his or her official capacity, all letters of approval of plans, contracts and other instruments or writing which have been approved by the Directors.
- c) Appoint all committees except the Executive Committee, designating who shall act as the chairman of each committee so appointed.
- d) Call Special Meetings of the Directors whenever he or she deems it necessary.
- e) Generally, discharge such other duties as the office requires or which are required by the Bylaws.

**Section 5.3. Vice President, Duties of** The Vice President shall, upon request by the President, carry out the executive functions and duties of same enumerated in the preceding Section 5.2. Paragraphs (b), (d), and (e), and shall also, as Acting President, perform all duties and exercise all powers of the President in the absence or disability of same, and his or her acts, so acting, in either case, shall be valid.

**Section 5.4. Secretary, Duties of**

The duties of the Secretary shall be:

- a) To keep a record of the proceedings of meetings of the Members, Board of Directors, or Executive Committee.
- b) To keep the Membership File provided for in Section 1.2, of these Bylaws.
- c) To serve all notices required by law or by the Bylaws of the Corporation (In case of his or her absence, inability, refusal or neglect to do so, such notices may be served by any person so directed by the President).
- d) To conduct such correspondence as is not handled by the President or by some member of the Board of Directors designated by the President.
- e) To be responsible for and maintain in a current condition all files of the Corporation.
- f) To render reports at meetings of the Board of Directors and at Annual Meetings.
- g) To discharge such other duties as pertain to the office or may be prescribed by the Board of Directors.

**Section 5.5. Treasurer, Duties of**

The duties of the Treasurer shall be:

- a) To draw and sign checks issued against the funds of the Corporation, provided however, that in case of the absence or disability of the Treasurer, the President shall draw and sign such checks to receive and deposit in a bank designated by the Board of Directors all funds of the Corporation.
- b) To receive and deposit in a bank designated by the Board of Directors all funds of the Corporation.
- c) To keep proper account books setting forth all financial transactions of the corporation.
- d) To render reports at meetings of the Board of Directors and an Annual Financial Statement at the Annual Meeting of Members.



e) To discharge such other duties as pertain to the office or may be prescribed by the Board of Directors.

**ARTICLE 6  
APPROVAL AND PAYMENT OF BILLS**

No expense shall be incurred without the approval of the President, Treasurer, or the Chairman of the Executive Committee, excepting the purchase of necessary office supplies and the issuance of notices for called meetings. All bills shall be paid by check drawn and signed by the Treasurer or, in case of his or her absence or disability, by the President.

**ARTICLE 7  
AMENDMENTS OF THE BYLAWS**

These Bylaws may be amended or repealed or new Bylaws may be adopted by the members at any of their regular or special meetings, provided, however, that the topic Amendments of the Bylaws' was enumerated among the agenda in the notice of the meeting sent to the membership, and the text or an outline of the proposed changes or additions, citing the Articles, Sections, or Subsections to be affected, included in same.

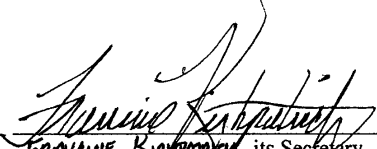
Whenever any amendment or new Bylaws are adopted, they must be copied in the Association Book of Minutes. If the Bylaws are repealed the fact of repeal, with the date of meeting at which the repeal was enacted, must be stated in said book. Until copied or stated as hereinbefore described, no Bylaws, or amendment or repeal thereof, can be enforced.

**CERTIFICATE OF SECRETARY**

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of PALISAIR HOME OWNERS ASSOCIATION ("Association"); and
2. That the foregoing amended Bylaws, comprising eight (8) pages, including this page, constitute the Bylaws of said Association as voted on by the Members and as duly adopted by action of the Board of Directors of the Association duly taken on Oct 1, 2011.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 30th day of December 2011.

  
FRANLINE KIRKPATRICK, its Secretary