

Bylaws (Required Civil Code Sec. 4525)
Junipero Heights HOA

BY-LAWS

OF

JUNIPERO HEIGHTS HOMEOWNERS ASSOCIATION

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BY-LAWS
OF
JUNIPERO HEIGHTS HOMEOWNERS ASSOCIATION

ARTICLE I

General Provisions

Section 1. Name. The name of the association is Junipero Heights Homeowners Association ("Association"). The principal office of the Association shall be at such place in the County of Los Angeles as the Board of Directors may designate from time to time.

Section 2. Purpose. The Association has been formed for the purpose of performing the powers and duties of the Association as set forth in these By-Laws, the Articles of Incorporation of the Association as amended from time to time ("Articles") and that certain Declaration of Covenants, Conditions and Restrictions establishing a plan for condominium ownership, as amended from time to time ("Declaration") recorded in the office of the Los Angeles County Recorder, established in connection with that certain condominium project ("Project") described as Tract 32879 in the County of Los Angeles, State of California, together with such additional properties as may be annexed to the Project and brought within the jurisdiction of the Association.

Section 3. Personal Application. All present or future owners, tenants, future tenants, or their employees, or any other persons who own or use the facilities of the Project in any manner, are subject to the regulations set forth in these By-Laws, the Articles and the Declaration. The acceptance of a deed or conveyance or the entering into of a lease or the act of occupancy of a unit shall constitute an acceptance of the provisions of the Articles, these By-Laws, and the Declaration and an agreement to comply therewith.

ARTICLE II

Unit Owners

Section 1. Annual Meetings. The first organization meeting of the Unit Owners shall be held within forty-five (45) days after the consummation of the sale of the condominium in the Project which represents the 51st percentile of all condominiums in the Project, and in no event later than six (6) months from

the transfer and conveyance of the first condominium in the Project. Thereafter, annual meetings of such Owners shall be held on or near the same day of each year as determined by the Board of Directors. At the annual meetings there shall be elected by ballot of the Owners a Board of Directors consisting of five (5) persons. The Owners may also transact such other business of the Association as may properly come before the meeting.

Section 2. Special Meetings. It shall be the duty of the president to call a special meeting of the Owners if so directed by a majority of the Board of Directors, or upon written request by Owners holding at least five percent (5%) of the total voting power of the Association. The notice of the special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of Owners holding at least fifty-one percent (51%) of the voting power of each class of members present at such meeting.

Section 3. Notice of Meetings. Written notice of each annual, special, or adjourned meeting of the Owners shall be given by or at the direction of, the secretary by mailing a copy of such notice, postage prepaid, to each of said Owners. Said notice shall be given not less than ten (10) days, nor more than ninety (90) days prior to the fixed date for said meeting. The mailing of a notice in the manner provided in this Section shall be considered service of notice.

Section 4. Adjourned Meetings. If any meeting of Owners cannot be held because a quorum is not present, a majority of the Owners who are present, either in person or by proxy, may adjourn the meeting but may not transact any other business. The meeting may be adjourned to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called. The presence in person or by proxy of Owners of at least twenty-five percent (25%) of the total voting power of the Association shall constitute a quorum at such adjourned meeting.

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 Owners in the manner prescribed for regular meetings.

Section 5. Place of Meetings. Meetings of the Association shall be held within the Project or at a meeting place as close thereto as possible. Unless unusual conditions exist, meetings shall not be held outside the County in which the Project is situated.

Section 6. Voting Owners. Each Unit Owner shall designate one (1) voting Owner. There shall be only one voting Owner for each condominium. The voting Owner shall be designated by the record owner or owners of each condominium by written notice to the Board of Directors or the manager. Said designation of a voting Owner shall be revocable at any time by actual notice to the Board of Directors or the manager of the death or judicially declared incompetence of any record Owner or by written instrument delivered to the Board of Directors or the manager by any record owner. Where no designation is made or where a designation has been made but is revoked and no new designation made, the voting Owner of each condominium shall be the group composed of its record Owners. If the joint Owners are unable to agree as to how their vote shall be cast, they shall forfeit the vote on the matter in question. If any Owner exercises the voting rights of a particular condominium, it will be conclusively presumed for all purposes that he was acting with the authority and consent of all other Owners of the same condominium. If more than one (1) person exercises the voting rights for a particular condominium, their votes shall not be counted and shall be deemed void.

Section 7. Voting Classes. The Association shall have two classes of voting membership according to the following provisions:

Class A. Each Owner of a Unit other than Declarant shall be a Class A member and shall be entitled to one vote for each Unit owned.

Class B. Declarant shall be a Class B member. Class B membership entitles the holder to three (3) votes for each Unit owned. Class B membership shall be irreversibly converted to Class A membership on the first to occur of the following:

A. The total outstanding votes held by Class A members equal the total outstanding votes held by the Class B member.

B. Two (2) years from the date of the original issuance of the subdivision public report for the Project.

Any provision in the governing instruments calling for membership approval of action taken by the Association, except provisions with respect to the action to enforce the obligations of Declarant under any completion bond, shall expressly require the vote or written assent of the

prescribed percentage of each class of membership during the time that there are two (2) outstanding classes of membership. Except with respect to the action to enforce the obligations of Declarant under any completion bond, any requirement in the governing instruments that the vote of Declarant shall be excluded in any such determination, shall be applicable only if there has been a conversion of Class B members to Class A members, and the same shall be read as requiring the prescribed percentage of Class A members and the prescribed percentage of Class A members other than Declarant.

Section 8. Majority of Owners. As used in these By-Laws, the term "majority of owners" shall mean those Unit Owners holding more than fifty percent (50%) of the voting power of the Project.

Section 9. Quorum. Except as otherwise provided in these By-Laws, or in the Declaration, the presence in person or by proxy of Owners of at least fifty percent (50%) of the voting power of the condominiums shall constitute a quorum at all meetings of Unit Owners. Unless otherwise expressly provided herein, or in the Declaration, any action may be taken at any regular or special meeting of the Owners upon the affirmative vote of Owners holding at least fifty-one percent (51%) of the voting power of members present at such meeting.

Section 10. Action Without a Meeting. Any action which may be taken by the vote of Owners at a regular or special meeting, except the election of Directors where cumulative voting is a requirement, may be taken without a meeting if done in compliance with the provisions of Section 7513 of the California Corporations Code.

Section 11. Consent of Absentees. The transaction of any business at any meeting of the Association, whether an annual or special meeting, shall be valid whether or not such meeting is held after regular call and notice thereof if: (i) a quorum is present either in person or by proxy and (ii) if before or after such meeting, each Owner entitled to vote if he had been present in person or by proxy at such meeting signs a written waiver of notice or a consent to the holding of such meeting or approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the records of the Association and made a part of the minutes of the meeting.

Section 12. Proxies. At all meetings each Owner may vote in person or by proxy. All proxies shall be in writing and filed with the secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Owner of his condominium.

Section 13. Order of Business. The order of business at all meetings of the Owners of Units shall be as follows:

- A. Roll call;
- B. Proof of notice of meeting;
- C. Reading of minutes of preceding meeting, unless waived;
- D. Reports of officers;
- E. Reports of committees;
- F. Election of inspectors of election (when so required);
- G. Election of members of the Board of Directors (when so required);
- H. Unfinished business; and
- I. New business.

ARTICLE III

Board of Directors

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of five (5) persons, who need not be Owners of condominiums in the Project until conversion of Class B membership to Class A, after which time all Directors must be Owners of condominiums in the Project or the nominee of any corporate Unit Owner. The number of Directors may be increased or decreased from time to time (but in no event shall be less than three) by an amendment to these By-Laws.

Nomination for election to the Board of Directors shall be made by a Nomination 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 or more members of the Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the Owners and such Committee shall make as many nominations for election to the Board as it shall determine, but not less than the number of vacancies that are to be filled.

Section 2. Powers and Duties. Subject to the limitations of the Articles, these By-Laws and the Declaration as to action required to be taken, authorized, or approved by the members of the Association, or a portion or percentage thereof, all Association powers and duties including those set forth in the Declaration shall be exercised by, or under the authority of, the Board of Directors and the business and affairs of the Association shall be controlled by the Board. Without limiting the generality of the foregoing, the Board shall:

A. Exercise for the Association all powers, duties and authority vested in or delegated to the Board or the Association whether by these By-Laws, the Articles, the Declaration or otherwise.

B. Cause the common area within the Project and the improvements, facilities, structures and landscaping thereon to be operated, protected and maintained and procure and pay for the liability and hazard insurance, together with such other insurance as may be required by the Declaration.

C. Have the power to adopt and amend uniform rules and regulations governing the units and the use of the common area and the facilities owned or controlled by the Association and the personal conduct of members and their guests, servants, tenants, invitees, and family members thereon in the manner provided for by the Declaration.

D. Establish, levy, assess and collect the assessments or charges referred to in the Declaration in the manner set forth in the Declaration, send out required notices thereof, prepare and issue certificates setting forth whether assessments have been paid as required by the Declaration, and enforce timely payment of such assessments in the manner set forth in the Declaration. The maintenance of the common area and the performance by the Board of Directors of all of its duties and powers shall be paid for out of the assessments so made and collected.

E. The Board may employ a manager, independent contractors and such other employees as it deems necessary and prescribe their duties, and enter into contracts and agreements for the purpose of providing for the performance of its powers and duties. The Board may further delegate any of its powers to such persons or entities as the Directors may determine and may establish such committees as it may deem necessary.

F. Cause to be kept a complete record of all of its acts and corporate affairs and present a statement thereof to the members at the annual meeting of the members or at any duly called special meeting of the members.

G. Supervise all officers, agents and employees of the Association, and see that their duties are properly performed.

H. Appoint and remove at its pleasure, committees and all officers, agents and employees of the Association, prescribe their duties and fix their compensation, subject to the limitations on compensation to Directors. The

Board shall obtain and pay the premiums for fidelity bonds as required by the Declaration. The Board shall also have the right to obtain Directors and Officers Liability Insurance.

I. Prepare budgets and financial statements for the Association as prescribed herein.

J. Initiate and carry out disciplinary proceedings against members of the Association for violations of provisions of the governing instruments of the Association in accordance with procedures set forth therein.

K. Have the authority to control the structural and landscaping architecture and design within the Project.

L. The Board is hereby precluded from taking any of the following actions except with the vote or written assent of a majority of the voting power of the Association residing in members other than Declarant:

(i) Entering into a contract with a third person where the third person will furnish goods or services for the common area or the Association for a term longer than one (1) year, with the following exceptions:

(a) A management contract, the terms of which have been approved by the Federal Housing Administration or Veterans' Administration.

(b) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term, for which the supplier will contract at the regulated rate.

(c) Prepaid casualty and/or liability insurance policies of not to exceed three (3) years duration provided that the policy permits for short rate cancellation by the insured.

(d) Lease agreements for laundry room fixtures and equipment of not to exceed five (5) years duration provided that the lessor under the agreement is not an entity in which Declarant has a direct or indirect ownership interest of ten percent (10%) or more.

(e) Agreements for cable television services and equipment or satellite dish television services and equipment not to exceed five (5) years duration

provided that the supplier is not an entity in which the Declarant has a direct or indirect ownership interest of ten percent (10%) or more.

(f) Such other contracts which may from time to time be permitted by the regulations of the Real Estate Commissioner of the State of California.

Notwithstanding the foregoing, any agreement for professional management of the Project, or any other contract providing for services by the Declarant, Sponsor or Builder, may not exceed three (3) years and must provide for termination by either party, without cause, and without payment of a termination fee on ninety (90) days, or less, written notice.

(ii) Incurring aggregate expenditures for capital improvements to the common area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

(iii) Selling, during any fiscal year, property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

(iv) Paying compensation to members of the Board of Directors or to officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board of Directors may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

M. To borrow and to incur indebtedness for the benefit of the Association and to cause execution and delivery in the Association's name, of promissory notes, bonds, debentures, deeds of trust, mortgages, pledges or other evidence of indebtedness or security therefor.

Section 3. Election and Term of Office. At the first meeting of the owners, five (5) persons shall be elected to the Board to serve until the first annual meeting of the owners and at each annual meeting thereafter, unit owners shall elect Directors for a term of one (1) year. Directors shall hold office until their successors have been elected by the unit owners.

Section 4. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the owners shall be filled by vote of a majority of the remaining Directors, even though they may

constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

Section 5. Removal of Directors. At any regular or special meeting duly called, any one or more of the Directors may be removed from office by a vote of a majority of the owners, subject to the provisions of cumulative voting as hereinafter provided.

Any Director who has been absent from three (3) consecutive regular meetings of the Board may be removed as a Director by the majority vote of the other Board members and if so removed, the vacancy may be filled by the remaining members of the Board for the balance of the term of such Director.

The term of any Director who becomes more than thirty (30) days delinquent in the payment of any assessments due to the Association shall automatically be terminated and the remaining Directors shall appoint his successor for the balance of his term.

Section 6. Organization Meeting. The first meeting of the newly elected Board of Directors shall be held within three (3) days of their election at the organization meeting of the owners at such place as shall be fixed by the Directors. Notice shall be given to the newly elected Directors in order legally to constitute such meeting.

Section 7. Regular Meetings. Regular meetings of the Board of Directors shall be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least one such meeting shall be held every three (3) months. The meeting place shall ordinarily be within the Project unless, in the judgment of the Board of Directors, a larger meeting room is required than exists within the Project, in which case the meeting room selected shall be as close as possible to the Project. Notice of the time and place of the regular meetings of the Board of Directors, shall be posted at a prominent place or places within the common area and shall be given to each Director personally or by mail, telephone, or telegraph at least four (4) days prior to the date named for such meeting unless the time and place of meetings is fixed by these By-Laws; provided, however, that notice of a meeting need not be given to any governing body member who has signed a waiver of notice or a written consent to holding of the meeting.

Section 8. Special Meetings. Special meetings of the Board of Directors may be called by written notice signed by the President or by any two (2) Directors other than the president by

three (3) days notice to each Director, given personally or by mail, telephone, or telegraph, which notice shall state the time, place (as hereinabove provided), and the purpose of the meeting; provided, however, notice of the meeting need not be given to any Director who signed a waiver of notice or a written consent to the holding of the meeting. Notice of the meeting shall be posted in the manner prescribed for notice of regular meetings.

Section 9. Owners Attendance at Meetings. Regular and special meetings of the Board of Directors shall be open to all members of the Association; provided, however, that the Association members who are not on the governing body may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board of Directors.

The Board of Directors may, with the approval of a majority of a quorum of its members, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 10. Board of Directors' Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 11. Fidelity Bonds. The Board of Directors shall obtain a Fidelity Bond covering members of the Board, officers and employees of the Association and employees of any management agent, whether or not such persons are compensated for their services, naming the Association as obligee and written in an amount equal to at least one hundred fifty percent (150%) of the Association's annual assessments plus reserves.

Section 12. Financial Statements. The following financial information shall be regularly prepared and distributed by the governing body to all members regardless of the number of members or the amount of assets of the Association:

A. A budget for each fiscal year consisting of at least the following information shall be

distributed not less than forty-five (45) days and not more than sixty (60) days prior to the beginning of the fiscal year:

(i) Estimated revenue and expenses on an accrual basis.

(ii) The amount of the total cash reserves of the Association currently available for replacement or major repair of common facilities and for contingencies.

(iii) An itemized estimate of the remaining life of, and the methods of funding to defray the costs of repair, replacement or additions to major components of the common areas and facilities for which the Association is responsible.

(iv) A general statement setting forth the procedures used by the Board of Directors in the calculation and establishment of reserves to defray costs of repair, replacement or additions to major components of the common areas and facilities for which the Association is responsible.

B. A balance sheet as of an accounting date which is the last day of the month closest in time to six (6) months from the date of closing of the first sale of a condominium in the Project and an operating statement for the period from the date of the first closing to the said accounting date shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the number of the subdivision interest and the name of the entity assessed.

C. A report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year:

(i) A balance sheet as of the end of the fiscal year.

(ii) An operating (income) statement for the fiscal year.

(iii) A statement of changes in financial position for the fiscal year.

(iv) For any fiscal year in which the gross income to the Association exceeds \$75,000, a copy of the review of the annual report which shall be prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy.

If the report referred to in subparagraph C. above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statement was prepared from the books and records of the Association without independent audit or review.

In addition to financial statements, the Board of Directors shall annually distribute, within sixty (60) days prior to the beginning of the fiscal year, a statement of the Association's policies and practices in enforcing its remedies against members for defaults in the payment of regular and special assessments including the recording and foreclosing of liens against members' subdivision interests.

Section 13. Liability of Board of Directors. The members of the Board of Directors shall not be liable to the unit owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Association shall indemnify and hold harmless each member of the Board of Directors against all liabilities, claims, expenses, actions and obligations of any kind or nature; provided, however, that the Association shall have the power to do so as provided in California Corporations Code Section 7237 (or any successor statute thereto).

Section 14. Action Without a Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board shall consent in writing to the action to be taken. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors and such action by written consent shall have the same force and effect as the unanimous vote of such Directors.

If the Board of Directors resolves by unanimous written consent to take action without a meeting, an explanation of the action taken shall be posted at a prominent place or places within the common area of the Project within three (3) days after the written consents of all members of the Board of Directors have been obtained.

ARTICLE IV

Cumulative Voting

An owner shall be entitled to cumulate his or her votes for one or more candidates for the Board of Directors if the candidate's name or candidates' names have been placed in nomination prior to the voting and if an owner has given notice at the meeting prior to the voting of his or her intention to

cumulate votes. If any one owner has given such notice, all members may cumulate their votes for candidates in nomination. The candidates receiving the highest number of votes up to the number of Directors to be elected, shall be deemed elected.

The entire Board of Directors or any individual Director may be removed by a vote of the voting owners holding a majority of the voting power in the Project. Unless the entire Board of Directors is removed from office, no individual Director shall be removed prior to the expiration of the term of his office if 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 and the entire number of Directors authorized at the time of the most recent election of Directors were then being elected. If any Director is removed in the manner authorized above, a new Director may be elected at the same meeting.

All voting shall be by secret written ballot.

Notwithstanding anything to the contrary contained herein or in the Declaration or in the Articles of Incorporation: (a) from the first election of the Board of Directors and thereafter for so long as a majority of the voting power of the Association resides in Declarant, or so long as there are two (2) classes of membership in the Association, twenty percent (20%) but not less than one (1) of the incumbents on the Board of Directors shall be elected solely by the votes of owners other than Declarant; and (b) a Director who has been elected to office solely by the votes of owners other than Declarant may be removed from office prior to the expiration of his term by the vote of a majority of the voting power residing in owners other than Declarant.

ARTICLE V

Officers

Section 1. Designation. The principal officers of the Association shall be a president and a vice-president (who shall at all times be members of the Board), a secretary and a chief financial officer and such other officers as the Board may create from time to time by resolution.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board and each officer shall hold office for one (1) year unless he shall sooner resign or shall be removed or otherwise disqualified to serve.

Section 3. Resignation and Removal of Officers. Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor may be elected at any regular or special meeting of the Board of Directors.

Section 4. President. The president shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the president of an Association, including but not limited to the power to appoint committees from among the owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association. The president shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes of the Association.

Section 5. Vice-President. The vice-president shall take the place of the president and perform his duties whenever the president shall be absent or unable to act. If neither the president nor the vice-president is able to act, the Board of Directors shall appoint some other member of the Board to so do on an interim basis. The vice-president shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 6. Secretary. The secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all of the duties incident to the office of secretary.

Section 7. Chief Financial Officer. The chief financial officer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors. The chief financial officer shall sign all checks and promissory notes of the Association.

ARTICLE VI

Inspection of Books and Records

Section 1. Rights of Members. The membership register, books of account and minutes of meetings of the members

of the Association, of the Board of Directors and of committees of the Board of Directors of the Association shall be made available 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 of Directors shall prescribe.

Section 2. Adoption of Rules. The Board of Directors shall establish reasonable rules with respect to: (i) Notice to be given to the custodian of the records by a member desiring to make the inspection; (ii) hours and days of the week when such an inspection may be made; and (iii) payment of the cost of reproducing copies of documents requested by a member.

Section 3. Rights of 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 or copies of documents.

ARTICLE VII

Amendments to By-Laws and Articles of Incorporation

Section 1. Two Class Voting Structure in Effect. If a two class voting structure is still in effect in the Association: (i) the By-Laws may be amended only with the vote or written consent of members entitled to cast at least fifty-one percent (51%) of the voting power of each class of membership in the Association; and (ii) the Articles may be amended only with (a) the vote or written consent of members entitled to cast at least seventy-five percent (75%) of the voting power of each class of membership in the Association and (b) the vote or written consent of a majority of the Board of Directors.

Section 2. One Class Voting Structure in Effect. If a two class voting structure is no longer in effect in the Association because of the conversion of Class B membership to Class A membership as provided herein and in the Declaration: (i) the Articles of Incorporation may be amended only with the vote or written consent of (a) members holding seventy-five percent (75%) of the voting power of the Association; and (b) members holding seventy-five percent (75%) of the voting power held by members other than Declarant; and (c) the vote or written consent of a majority of the Board of Directors; and (ii) the By-Laws may be amended only with the vote or written consent of (a) members holding fifty-one percent (51%) of the voting power

of the Association; and (b) members holding fifty-one percent (51%) of the voting power held by members other than Declarant. So long as there is a Class B membership in the Association, any amendment to these By-Laws or the Articles shall require the prior approval of the Veterans Administration and Federal Housing Administration. A draft of any amendment must be submitted to the Veterans Administration and Federal Housing Administration for their approval prior to its approval by the membership of the Association. The foregoing provisions pertaining to approval by the Veterans Administration and Federal Housing Administration shall be applicable to each agency provided it has purchased, guaranteed, insured or subsidized any mortgage of a condominium in the Project.

Section 3. Percentage. Notwithstanding Sections 1 and 2 of this Article VII, the percentage of the voting power of the Association or of members other than Declarant necessary to amend a specific Article, clause, or provision of these By-Laws and/or the Articles of Incorporation shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that Article, clause, or provision.

ARTICLE VIII

Conflicts

These By-Laws are intended to comply with the requirements of Sections 1350 ff of the Civil Code of the State of California. In case any of these By-Laws, the Articles, or the Declaration conflict with the provisions of said statutes, the provisions of such statutes shall control. In the event of any conflict between these By-Laws and the Articles, the Articles shall control and in the event of any conflict between these By-Laws or the Articles and the Declaration, the Declaration shall control.

ARTICLE IX

Evidence of Membership, Seal

Section 1. Evidence of Membership. The Board shall have the power, but not the obligation, to cause the issuance of evidence of the membership in the Association to the members thereof in such form as the Board shall determine.

Section 2. Seal. The Association shall have a seal in circular form having within its circumference the name of the Association, its date of incorporation and such other matters as may be required by the laws of the State of California.

ARTICLE X

Miscellaneous

Section 1. Checks, Drafts, Etc. All checks, drafts, or other orders for payment of money, notes, or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed by the president and chief financial officer.

Section 2. Contracts, Etc., How Executed. The Board, except as in the By-Laws otherwise provided, 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 of Directors, no officer, agent or employee shall have any power or authority to bind the Association by contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

Section 3. Invalidity. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability, or effect of the remainder of these By-Laws.

Section 4. Captions. The captions herein are inserted as a matter of convenience and for reference and in no way define, limit, or describe the scope of these By-Laws or the intent of any provision thereof.

Section 5. Waiver. No restriction, condition, obligation, or provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may have occurred.

Section 6. Definitions. Unless separately defined herein or the context otherwise requires, the names, words and phrases used herein shall have the same meaning as set forth in the Declaration and the definitions therein contained are incorporated herein by this reference.

Section 7. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the thirty-first day of December of each year, except that the first fiscal year shall begin on the date of incorporation.

DATED:

CERTIFICATE

I, the undersigned, do hereby certify:

That I am the duly elected and acting secretary of JUNIPERO HEIGHTS HOMEOWNERS ASSOCIATION and that the foregoing By-Laws constitute the original By-Laws of said Association as duly adopted at a meeting of the Board of Directors held on the ___ day of _____, 19__.

IN WITNESS WHEREOF, I have subscribed my name this ___ day of _____, 19__.

Secretary