

ARTICLE V

THE ASSOCIATION

Section 1. Membership. Every person or entity who or which is an Owner, as defined hereinabove, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest in a Condominium in the Project merely as security for the performance of an obligation. All memberships in the Association shall be appurtenant to the Condominium owned by each Member, and memberships in the Association shall not be assignable, except to the person or entity to whom the title to the Condominium has been transferred. Ownership of such Condominium shall be the sole qualification for membership in the Association. The memberships in the Association shall not be transferred, pledged or alienated in any way, except upon the transfer of title to said Condominium, and then only to the purchaser or Mortgagee of such Condominium. Any attempt to make a prohibited membership transfer shall be void and will not be reflected in the books of the Association.

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

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

Class B. The Class B Member shall be the Declarant, and shall be entitled to three (3) votes for each Condominium 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 any of the following events, whichever occurs earliest:

(a) The second anniversary of the original issuance of the most recently issued Final Subdivision Public Report for a Phase of the Project;

(b) On the fourth anniversary of the original issuance of the Final Subdivision Public Report for Phase I of the Project; or

(c) December 31, 1996.

Section 3. Voting Rights. All voting rights shall be subject to the provisions and limitations provided in this Declaration, the Articles and the By-Laws. Except as provided in Article VI, Sections 3 and 4, and Article XVII herein, and Article V, Section 3, of the By-Laws, any provision of the Articles, the By-

Laws or this Declaration which expressly requires the vote or written consent of a specified percentage of the voting power of the Association shall require the approval of such specified percentage of the voting power of each class of membership. Upon the termination of Class B membership, except as provided in Article VI, Sections 3 and 4, and Article XVII herein, and Article V, Section 3, of the By-Laws, any provision of the Articles, the By-Laws or this Declaration which expressly requires the vote or written consent of a specified percentage of the voting power of the Association shall require the vote or written consent of the voting power of the Association, as well as the vote or written consent of the voting power of the Association residing in Members, other than Declarant.

Section 4. Adjustment of Voting Rights. The voting rights in the Association shall be adjusted on the first day of the month immediately following the first close of an escrow for the sale of a Condominium in each subsequent Phase of the Project.

Section 5. Vesting of Voting Rights. The voting rights attributable to any given Condominium in the Project as provided for herein shall not vest until the Assessments provided for hereinbelow have been levied by the Association against said Condominium.

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 this Declaration.

Section 7. Transfer. The Association membership held by any Owner of a Condominium shall not be transferred, pledged or alienated in any way, except as incidental to the sale of such Condominium. 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 Condominium, or to the Mortgagee (or third party purchaser) of such Condominium 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. The Association may levy a reasonable transfer fee against new Owners and their Condominiums (which fee shall be a Compliance Assessment chargeable to such new Owner) to reimburse the Association for the administrative cost of transferring the memberships to the new Owners on the 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. Any form of proxy or written ballot

distributed to the Members of the Association shall afford such Members the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon, 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 a Member specifies a choice, the vote shall be cast in accordance with that choice. The proxy shall also identify the person or persons authorized to exercise the proxy. Every proxy shall be revocable and shall automatically terminate upon the earliest of the following: (a) the conveyance by the Owner of his Condominium; (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.

ARTICLE VI

POWERS AND DUTIES OF THE ASSOCIATION

Section 1. Management Body. The Association is hereby designated as the management body of the Project. The Members of the Association shall be the Owners in the Project, as provided herein, and the affairs of the Association shall be managed by a Board of Directors, as more particularly set forth in the By-Laws. The initial Board shall be appointed by the incorporator or its successor. Thereafter, the Directors shall be elected as provided in said By-Laws.

Section 2. 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 By-Laws and this Declaration, the Board shall have all general powers authorized under the California Corporations Code for non-profit, mutual benefit corporations, and shall have the following specific powers:

(a) Enforce the provisions of this Declaration and all contracts or any agreements to which the Association is a party;

(b) Accept full assumption of all rights and obligations of Declarant pursuant to that certain "Declaration of Restrictive Covenant" recorded on October 10, 1991, as Instrument No. 91-150207, in the Official Records of Ventura County, California, as the same may be amended and/or restated, from time to time;

(c) Acquire, own, manage, maintain, repair and replace all Common Property and Improvements located thereon, including all personal property, in a neat, clean, safe and attractive condition at all times, and to pay all utilities,