

recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

## ARTICLE V

### BOARD OF DIRECTORS:

#### NOMINATION, ELECTION AND TERM OF OFFICE

##### Section 1. Number and Qualifications of Directors.

The affairs of the Master Association shall be managed by a Board consisting of either three (3) or five (5) Directors, each of whom, except for those appointed and serving as first Directors, must either be an Owner of a Lot or Condominium or an authorized agent and representative of Declarant or a Merchant Builder, so long as Declarant owns a Lot or Condominium in the Community or is entitled to annex any of the Annexable Property into the Community as provided in the Master Declaration. The Board shall initially consist of three (3) Directors who shall be appointed by Declarant as soon as practicable after the incorporation of the Master Association, and shall hold office until Directors are elected at the first annual meeting as provided herein.

Section 2. Nomination. Subject to the Declarant's Class C voting rights, the nomination for election to the Board 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 Master 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 Declarant is entitled to annex any of the Annexable Property into the Community. Thereafter, nominations shall only be made from among Members.

The Board shall adopt procedures that provide for a reasonable opportunity for nominees to (i) communicate to the Members their qualifications and reasons for their candidacy; (ii) solicit votes; and (iii) meet with the Members.

Section 3. Election of Directors and Term of Office.

At the first annual meeting of the Master Association, the Members shall elect the Directors in accordance with the provisions of these ByLaws. The Directors elected by Declarant pursuant to the Declarant's Class C voting rights shall each serve for a term of two (2) years. The Director elected by the Class A Members who received the highest number of votes shall also be elected for a term of two (2) years. At such time as the Board votes to increase the number of Directors to five (5), the Board may appoint (2) Directors to fill the two (2) vacancies until the next annual meeting. At such next annual meeting, the three (3) Directors elected by Declarant pursuant to the Declarant's Class C voting rights, (or after the expiration of the Declarant's Class C voting rights, the three [3] Directors receiving the highest number of votes) shall each be elected for a term of two (2) years, and the two (2) Directors receiving the next highest number of votes shall each be elected for a term of one (1) year. The Board may, at any time (including prior to the first annual meeting) vote to increase the number of Directors from three (3) to five (5). At each annual meeting thereafter, successor Directors shall be elected for a term of two (2) years; provided however, the term of office for a Director elected to fill a vacancy created by the removal of his predecessor or for a Director appointed to fill any other vacancy shall be the balance of the unserved term. 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 4.      Cumulative Voting. 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 Master Declaration and these ByLaws. 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 ByLaws 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 5.      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 Master 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 Master 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 6. Vacancies. Subject to Section 3 above, vacancies on the Board caused by any reason, other than the removal of a Director by a vote of the Master 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 Master 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 meeting of the Members and election to fill the vacancy shall then be held in accordance with the provisions of these ByLaws; provided however, such meeting and election shall be held within not less than fifteen (15) days nor more than forty-five (45) days following the expiration of said fifteen (15) day period. A vacancy shall be deemed to exist in case of death, the Close of Escrow for the sale of the Director's Lot or Condominium, or a judicial determination of mental incompetency.

Section 7. Compensation of Directors. No Director shall receive compensation for any service he may render to the Master Association, except as permitted under the Article contained in the Master Declaration entitled "Powers and Duties of the Master Association"; provided however, a Director may be reimbursed for actual expenses incurred in the performance of the Director's duties.