

OAK TRAIL ESTATES HOMEOWNERS ASSOCIATION

A California Nonprofit Corporation

BY-LAWS

ARTICLE I

Principal Office

The principal office for the transaction of the business of the Association is located in the County of Santa Barbara, State of California. The board of directors is hereby granted full power and authority to change said principal office from one location to another in said county. Any such change shall be noted on the by-laws by the secretary, opposite this section, or this section may be amended to state the new location.

ARTICLE II

Definitions

As used in these by-laws the following terms shall have the meanings set forth below:

(1) "Association" shall mean and refer to Oak Trail Homeowners Association, a California nonprofit corporation, its successors and assigns.

(2) "The Property" shall mean all of the real property herein described as Tract 11,737, in the County of Santa Barbara, State of California.

(3) "Lot" shall mean and refer to the lots shown on the Subdivision map for Tract 11,737.

(4) "Common Area" shall mean and refer to the entire easements owned by the Association as shown on the Subdivision map for Tract 11,737.

(5) "Owner" shall mean and refer to the record owner, whether one or more persons or entities of a Lot; the term "owner" shall not refer to any mortgagee as herein defined, unless such mortgagee has acquired title pursuant to foreclosure, or any proceeding, in lieu of foreclosure.

(6) "Declaration" shall mean and refer to that certain Declaration of Covenants, Conditions and Restrictions dated June 1, 1977, and recorded with the Office of

Recorder of the County of Santa Barbara on July 5, 1977, with respect to the property.

(7) "Member" shall mean and refer to every person or entity who holds membership in the Association.

(8) "Building" means any building constructed on the property pursuant to this Declaration.

(9) "Declarant" shall mean and refer to Oak Trail Estates Development, Inc., a corporation, its successors and assigns.

(10) "Articles" shall mean the Articles of Incorporation of the Association as said Articles are amended from time to time.

(11) "Board" shall mean the Board of Directors of the Association.

(12) "By-Laws" shall mean the By-Laws of the Association as such By-Laws may be amended.

ARTICLE III

Membership

1. Qualifications. Each owner of a Lot including Declarant, shall be a member of the Association and shall be entitled to vote for each Lot owned, as set forth in the Declaration. Ownership of a unit shall be the sole qualification for membership in the Association. Each owner shall remain a member thereof until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease.

2. Members' Rights and Duties. Each member shall have the rights, duties and obligations set forth in the Declaration, the Articles of Incorporation, the By-Laws, the Association rules and the Architectural Committee Rules, as the same may from time to time be amended.

3. Transfer of Membership. The Association membership of each owner (including Declarant) shall be appurtenant to the Lot giving rights to such membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except upon a transfer of title to said Lot, and then only to the transferee of title to said unit. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a

Lot shall operate automatically to transfer the membership in the Association appurtenant thereto to the new owner thereof.

ARTICLE IV

Meetings of the Association

1. Annual and Special Meetings. The Association shall hold an annual meeting and the first annual meeting of the Association shall be held not later than six (6) months after the sale of the first Lot. Thereafter the annual meetings shall be held on the first Monday of the month of June, or in the event that day is a legal holiday, on the next day thereafter, which is not a legal holiday, on each succeeding year or on such other day each year as may be established by the Board. At such meetings directors shall be elected, reports of the affairs of the Association shall be considered, and any other business may be transacted which is within the powers of the owners.

Special meetings shall be called for any purpose by any ten owners giving written notice of the time, place, and purpose of the meeting to each owner.

Notice for all owners' meetings, annual or special, shall be given by regular mail or telegram and shall be given not less than five (5) days nor more than thirty (30) days prior to the time of said meeting and shall set forth the place, date and hour of the meeting, and the nature of the business to be undertaken.

All meetings shall be held on the Property or as close thereto as practicable, at a reasonable place selected by the Board of Directors.

The transactions of any meeting of the Association, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each of the members not present signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the records of the Association or made a part of the minutes of the meeting.

2. Voting. The Association shall have one class of voting membership consisting of the Owners who shall be entitled to exercise their voting rights in the manner described in the Declaration.

3. Quorum. The presence at any meeting in person or by proxy of Owners entitled to cast more than fifty percent (50%) of the total vote of all unit owners of the Association shall

constitute a quorum. If any meeting cannot be held because a quorum is not present, the Owners present, either in person or by proxy, may as otherwise provided by law, adjourn the meeting to a time not less than 48 hours nor more than thirty (30) days from the time the original meeting was called.

ARTICLE V

Duties of the Association

In addition to powers delegated to it by its Articles, without limiting the generality thereof, the Association or its agent, if any, shall have the obligation to conduct all business affairs of common interest to all owners, and to assume and perform duties and obligations described in the Declaration.

ARTICLE VI

Directors

1. Powers. The Board of Directors shall exercise for and on behalf of the Association all powers, duties and authority vested in or delegated to the Association and not otherwise requiring the consent or approval of the members of the Association, or a portion or percentage thereof, by other provisions of the Declaration, the Articles or the By-Laws.

2. Number and Qualification of Directors. The authorized number of directors shall be three until changed by amendment of the Articles or by a by-law duly adopted by the members amending this Section 2, provided the authorized number of directors shall never be less than three. All directors shall be members of the Association.

3. Election and Term of Office. The directors shall be elected at each annual meeting of the Association but, if any such annual meeting is not held or the directors are not elected thereat, the directors may be elected at any special meeting of the Association held for that purpose. All directors shall hold office until their respective successors are elected.

4. Vacancies. Vacancies in the board of directors may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director, and each director so elected shall hold office until his successor is elected at an annual or a special meeting of the Association.

A vacancy or vacancies in the board of directors shall be deemed to exist in case of the death, resignation or removal of any director, or if the authorized number of directors be increased, or if the members fail, at any annual or special

meeting of the Association at which any director or directors are elected, to elect the full authorized number of directors to be voted for at the meeting.

The members may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors. If the board of directors accepts the resignation of a director tendered to take effect at a future time, the board or the members shall have the power to elect a successor to take office when the resignation is to become effective.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of his term of office.

5. Meetings. Notice of all directors meetings, annual or special, shall be given by regular mail or telegram and shall be given not less than five (5) days nor more than thirty (30) days prior to the time of said meeting and shall set forth the place, date, and hour of the meeting, and the nature of the business to be undertaken.

All meetings shall be held on the Property or as close thereto as practicable, at a reasonable place selected by the Board.

The presence at any meeting of a majority of the authorized directors shall constitute a quorum. If any meeting cannot be held because a quorum is not present, the directors present, may as otherwise provided by law, adjourn the meeting to meet again at a stated day and hour. ←

The transactions of any meeting of the board of directors, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice or consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the records of the association or made part of the minutes of the meeting. 5-30

The original directors named in the Articles of Incorporation shall hold office until the first meeting of the Association. The first meeting of the Association, whether a regular or a special meeting, shall be held within 45 days after the closing of the sale of the subdivision interest which represents the 51st percentile interest authorized for sale under the first public report for the subdivision, but in no event shall the first meeting be held later than six months after

the closing of the sale of the first subdivision interest. The election of a regular board of directors for the Association shall be conducted at the first meeting of the Association. All positions of the regular board of directors shall be filled at that time.

At least one representative of the board of directors shall be elected solely by the votes of owners other than the Declarant at any election in which the owners other than the Declarant do not have a sufficient percentage of the voting power of the Association to elect at least one director through the cumulation of all their votes.

6. Fees and Compensation. Directors and members of committees shall not receive such compensation, if any, for their services performed in the conduct of the Association's business except by the vote or written assent of a majority of the voting power of the Association residing in members other than the Declarant, however, the board of directors may cause a director or member of committee to be reimbursed for expenses incurred in carrying on the business of the Association.

7. Action Without Meeting. Any action required or permitted to be taken by the Board under any provisions of the California General Nonprofit Corporation Law may be taken without a meeting if all the members of the Board individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board and shall have the same force and effect as a unanimous vote of such directors. Any certificate or other document filed relating to action so taken shall state that the action was taken by unanimous written consent of the Board without a meeting, and that the By-laws authorize the directors to so act.

8. Removal of Directors. Unless the entire board of directors is removed from office by the vote of the 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 is greater than the quotient arrived at by dividing the total number of votes that may be cast under cumulative voting procedures by a divider equal to one plus the authorized number of directors of the board of directors, except that, 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.

*Aide
Period - See
Emergency Meeting
Rules*

*To remove -
Consent if 53 to 52
315 - 6 or 52
Vote against removal
can't if 150 vote
for removal*

*315
2 x 1*

ARTICLE VII

Officers

1. Officers. The officers of the Association shall be a president, a vice president, a secretary and a treasurer; all such officers shall be elected by the Board from among the members of the Board. The Association may also have, at its discretion, one or more additional vice presidents, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article; all such officers shall be members of the Association. One person may hold two or more offices, except those of president and secretary.

2. Election, Removal and Resignation. The officers of the Association, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article, shall be chosen annually by the Board from among its members and each shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

Any officer may be removed, either with or without cause, by the Board at any regular or special meeting thereof, or, except in case of an officer chosen by the Board of directors, by any officer upon whom such power of removal may be conferred by the board of directors.

Any officer may resign at any time by giving written notice to the board of directors or to the president, or to the secretary of the association. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

3. Subordinate Officers, Etc. The Board may appoint such other officers as the business of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the By-Laws or as the board of directors may from time to time determine.

4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the By-Laws for regular appointments to such office.

5. President. The president shall be the chief executive officer of the association and shall, subject to the control of the Board, have general supervision, direction and control of the business and officers of the Association. He shall preside at all meetings of the Association and at all meetings of the board of directors. He shall be ex-officio a member of all the standing committees and shall have the general powers and duties of management usually vested in the office of president of a corporation, and shall have such other powers and duties as may be prescribed by the Board or the By-Laws.

6. Vice President. In the absence or disability of the president, the vice presidents in order of their rank as fixed by the board of directors or, if not ranked, the vice president designated by the Board shall perform all the duties of the president, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the president. The vice presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board or the By-Laws.

7. Secretary. The secretary shall keep or cause to be kept, at the principal office or such other place as the board of directors may order, a book of minutes of all meetings of the Association and directors, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice thereof given, the names of those present at directors' meetings, the number of votes present or represented at Association meetings, and the proceedings thereof.

The secretary shall keep, or cause to be kept, at the principal office a membership book showing the names of the members and their addresses, and the number and date of the termination of every membership.

The secretary shall give, or cause to be given, notice of all the meetings of the Association and of the board of directors required by the By-Laws or by law to be given, and

he shall keep the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the board of directors or by the By-Laws.

8. Treasurer. The treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association.

The books of account shall at all reasonable times be open to inspection by any director.

The treasurer shall deposit all moneys and other valuables in the name and to the credit of the corporation with such depositaries as may be designated by the board of directors. He shall render to the president and directors, whenever they request it, an account of all of his transactions as treasurer and of the financial condition of the association, and shall have such other powers and perform such other duties as may be prescribed by the Board or the By-Laws.

ARTICLE VIII

Personal Liability

No member of the Board, or any committee of the Association, or any officer of the Association or the Declarant, or the Manager, if any, shall be personally liable to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on the account of any act, omission, error or negligence of the Association, the Board, the Manager, if any, or any other representative or employee of the Association, the Declarant or the Architectural Committee, or any other committee, or any officer of the Association, or the Declarant, provided that such person has, upon the basis of such information as may be possessed by him, acted in good faith without wilful or intentional misconduct.

ARTICLE IX

Miscellaneous

1. Inspection of Association Records. The membership book or duplicate membership book, the books of account, and minutes of proceedings of the Association and directors and of the executive and other committees of the directors shall be open to inspection upon the written demand of any owner, at any reasonable time, and for a purpose reasonably related to his interests as an owner and shall be exhibited at any time when required by the demand of ten percent (10%) of the votes

represented at any Association meeting. Such inspection may be made in person or by an agent or attorney, and shall include the right to make extracts. Demand of inspection other than at an Association meeting shall be made in writing upon the president, secretary, assistant secretary or general manager of the Association.

2. Inspection of By-Laws. The Association shall keep in its principal office for the transaction of business the original or a copy of the By-Laws as amended or otherwise altered to date, certified by the secretary, which shall be open to inspection by the members at all reasonable times during office hours.

3. Certificates of Membership. A certificate of membership may be issued to each member, pursuant to Article III of these By-Laws. All such Certificates shall be signed by the president or a vice president and the secretary or an assistant secretary.

4. Audit and Annual Report. Within thirty (30) days after the close of each fiscal year, the Association, or their agent, shall cause an independent audit of the accounts of the maintenance fund by a certified public accountant, and upon completion of the audit cause to be prepared and delivered to each owner within thirty (30) days after completion, a true and correct copy thereof. In addition, the Association shall prepare or cause to be prepared, an annual operating statement reflecting the income and expenditures of the Association for its fiscal year and a copy of said statement shall be distributed to each member within sixty (60) days after the end of each fiscal year.

In addition to the foregoing requirements, Declarant shall prepare a balance sheet and operating statement for the Association as of the last day of the sixth month following the closing of the first sale of a Lot. Declarant shall distribute copies of the balance sheet and operating statement to the owners within sixty (60) days.

5. Contract, Etc., How Executed. The Board, except as otherwise provided in the By-Laws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Association, that they deem necessary to fulfill the duties of the Association as provided for in Article V, 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 any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

6. 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 or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the board of directors.

7. Construction. Neither the Articles nor the By-Laws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with the Declaration. In the event of any such inconsistency, the provisions of the Declaration shall prevail.

8. Amendments of By-Laws. New By-Laws may be adopted or these By-Laws may be amended or repealed by the written consent of members entitled to exercise a majority of the voting power, or by the vote of a majority of a quorum at a meeting of members duly called for the purpose according to the Articles of Incorporation or By-Laws. Subject to the right of members as provided in this Section, the By-Laws may be adopted, amended or repealed by the board of directors, other than a By-Law or amendment thereof changing the authorized number of directors.