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BYLAWS
OF
CAPE EDEN HOMEOWNERS' ASSOCIATION
ARTICLE I -- NAME AND LOCATION

TRACT 3759

The name of the corporation is CAPE EDEN HOMEOWNERS' ASSOCIATION, hereinafter referred to as the "Association". The principal office of the Association shall be located at the CAPE EDEN planned unit development, Castro Valley, California. Annual and special meetings of the members and directors shall be held within the subdivision or as close thereto as practicable. Said meetings may be held at such places within the State of California, not within the confines of the subdivision, at such places as selected by the Board of Directors, subject to the approval of the members of the "Association".

ARTICLE II -- DEFINITIONS

Section 2.1 "Association" shall mean and refer to CAPE EDEN HOMEOWNERS ASSOCIATION, AN UNINCORPORATION NON-PROFIT ASSOCIATION, its successors and assigns.

Section 2.2 "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions, and Restrictions for the planned unit development know as CAPE EDEN, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 2.3 "Common Area" shall mean and refer to those portions of the Properties intended to be devoted to the common use and enjoyment of the owners of CAPE EDEN, and otherwise to other than exclusively residential use, for which the Association has responsibility and liability or specified in said Declaration. Common Area shall include all facilities, and improvements located within the Common Area, including paving, sidewalks, parking areas, sewers, electrical, cable television, water, gas and telephone services, and attendant facilities and all other improvements which may be

placed upon or located in the Common Area.

Section 2.4 "Lot" shall mean and refer to any plot of land shown upon any recorded Tract Map of the Properties with the exception of the Common Area.

Section 2.5 "House" shall mean any attached or detached structure designed and built for use as a dwelling.

Section 2.6 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 2.7 "Declarant" shall mean and refer to Thomas Yeandl Construction Inc., and its successors and assigns if such successors and assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 2.8 "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded on Reel _____, at Image _____, Records Series No. _____, Official Records of Alameda County, State of California, on _____, 1978.

Section 2.9 "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III --- MEETING OF MEMBERS

Section 3.1 Annual meetings. The first annual meeting of the members shall be held within forty five (45) days after the closing of the sale of the first house and lot which represents the 51st percentile interest authorized for sale under the first public report for CAPE EDEN, but in no event shall the meeting be held later than six months after the closing of the sale of the first such lot. Subsequent regular annual meetings of the members shall be held on the same day of the same month of each year thereafter at the hour of 8:00 P.M. If the day for an annual meeting of the

members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 3.2 Special Meetings. Special meetings of the members may be called at any time by the president or by the Board of Directors. A special meeting of the members of the Association shall be promptly called by the Board upon:

(a) The vote for such a meeting by a majority of a quorum of the Board.

(b) Receipt of a written request therefor signed by members representing not less than 25% of the total voting power of the Association or by members representing not less than 15% of the voting power residing in the Class A members.

Section 3.3 Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 15, but not more than 30 days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 3.4 Quorum. (a) A Quorum for the transaction of business at a meeting of members of the Association through presence in person or by proxy shall be 50% of the total voting power of the Association.

(b) In the absence of a quorum at a members' meeting, a majority of those present in person or by proxy may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum shall be to a date not less than five days and not more than thirty days from the original meeting date. The quorum for such a meeting may be set by the persons present at the adjourned meeting, but it shall not be less than 25% of the total voting power of the Association.

Section 3.5 Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.

ARTICLE IV -- BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE.

Section 4.1 Number. The affairs of this Association shall be managed by a Board of Five (5) directors, who need not be members of the Association.

Section 4.2 Term of Office. At the first annual meeting the members shall elect three directors for a term of one year, and two directors for a term of two years; and at each annual meeting thereafter the members shall elect three directors for a term of two years, cumulative voting is permitted for the election of all directors.

Section 4.3 Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor. Notwithstanding the foregoing provisions:

(a) Unless the entire Board is removed from office by the vote of Association members, and individual Board member 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 1 plus the authorized number of Board members.

(b) A Board member who has been elected to office solely by the votes of the Class A members 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 the Class A members.

Section 4.4 Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE V -- NOMINATION AND ELECTION OF DIRECTORS

Section 5.1 Nomination. Nomination for election to the Board of directors 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 of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors 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 annual meeting. The Nominating Committee shall make as many nominations for election for the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 5.2 Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is permitted. At least one member 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 Declarant do not have a sufficient percentage of the voting power of the Association to elect at least one Director through the cumulating of all of their votes.

ARTICLE VI -- MEETINGS OF DIRECTORS

Section 6.1 Regular Meetings. Regular meetings of the Board of Directors shall be held monthly within CAPE EDEN at such place and hour as may be fixed from time to time by resolution of the Board. Notice of the time and place of such meeting shall be posted at a prominent place or places within CAPE EDEN. Should said meeting fall upon a legal holiday then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 6.2 Special Meeting.

(a) A special meeting of the Board may be called by written notice signed by the President of the Association or by any two members of the Board

other than the president.

(b) The notice shall specify the time and place of the meeting and the nature of any special business to be considered.

(c) The notice shall be sent to all Board members and posted in a manner prescribed for notice of regular meetings not less than 72 hours prior to the scheduled time of the meeting.

Section 6.3 Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII -- POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 7.1 Powers. The Board of Directors shall have power to:

7.1.1 adopt and publish rules and regulations governing the use of the Common Area, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

7.1.2 Restrict the voting rights and right to use of the Common Area of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 30 days for infraction of published rules and regulations;

7.1.3 exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, of the Declaration; and

7.1.4 employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties. Said agreements and contracts shall be binding for a maximum period of one year, unless otherwise approved by a majority vote of the members of each class of membership of the "Association".

Section 7.2 Duties. It shall be the duty of the Board of Directors To:

7.2.1 cause to be kept a complete record of all its acts and corporate affairs and to present a balance sheet as of the last day of the Association's fiscal year and an operating statement for said fiscal year to be prepared and distributed to the members within 90 days after the close of the fiscal year, and to have such financial reports available for the members at the annual meeting of the members, or at any special meeting when such financial statements are requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote;

7.2.2 supervise all officers, agents and employees of this Association, and to see their duties are properly performed;

7.2.3 as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period; and

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same;

7.2.4 issue, or cause an appropriate officer to issue upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

7.2.5 procure and maintain adequate liability and hazard insurance on property owned by the Association;

7.2.6 cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

ARTICLE VIII --- OFFICERS AND THEIR DUTIES

Section 8.1 Designation of Officers. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 8.2 Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 8.3 Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 8.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 8.5 Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president or the secretary. Such resignation

shall take effect on the date of 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.

Section 8.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 8.7 Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8.8 Duties. The duties of the officers are as follows:

8.8.4 President: The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

8.8.2 Vice-President: The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

8.8.3 Secretary: The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and all of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

8.8.4 Treasurer: The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors' shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year and deliver a copy to each member within 60 days after the end of the fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the members. The treasurer further shall be responsible for preparation of a balance sheet and an operating (income) statement for the Association and cause the distribution of copies thereto to be made to each member of the Association within 60 days of accounting dates as follows:

(1) a balance sheet as of an accounting date which shall be the last day of the month closest in time to six months from the date of closing of the first sale of a subdivision interest to a member of the Association and an operating statement for an accounting period from the aforesaid date of first closing to the aforesaid accounting date;

(2) a balance sheet as of the last day of the Association's fiscal year and an operating statement for said fiscal year.

The operating statement for the first six months accounting period referred to in (1) above shall include a schedule of assessments received or receivable itemized by lot or unit number and by the name of the person or entity assessed.

ARTICLE IX -- COMMITTEES

The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X -- BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, and the By-laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI -- ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of six percent (6%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the

assessments provided for herein by nonuse of the Common Area of abandonment of his Lot.

ARTICLE XII -- AMENDMENTS

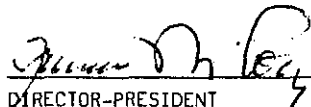
Section 13.1 These By-Laws may be amended, at a regular or special meeting of the Members, by a vote or the written assent of fifty-one percent (51%) of each class of Members of the Association; after the expiration of Class B membership any amendment shall require the vote or written assent of a majority of the total voting power of the Association which shall include at least a majority of members other than the subdivider.

Section 13.2 In the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XIII -- FISCAL YEAR


The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that first fiscal year shall begin on the date of the closing of the 1st escrow in the project.

IN WITNESS WHEREOF, we, being all of the directors of the CAPE EDEN HOMEOWNER'S ASSOCIATION have hereunto set our hands this 22nd day of June 1978.



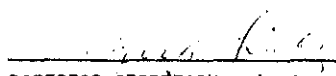
DIRECTOR-PRESIDENT

DIRECTOR-TREASURER



DIRECTOR-VICE PRESIDENT

DIRECTOR



DIRECTOR-SECRETARY