

ARTICLE IV

ELECTION OF BOARD OF DIRECTORS

Section 4.1. Number: The affairs of this Master Association shall be managed by a Board of five (5) directors, each of whom, except for those appointed and serving as first Directors, must either be a resident Owner of a Lot or Condominium in the Properties, or an agent of Declarant or an agent of a Participating Builder for so long as Declarant or a Participating Builder owns a Lot or Condominium in the Annexable Area.

Section 4.2. 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 (2) or more Members of the Master Association. The Nominating Committee shall be appointed by the Board of Directors ninety (90) days prior to each annual meeting of the Delegates, to serve until the close of such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 4.3. Election: Term of Office: At the first annual meeting, the Delegates shall elect three (3) directors for a term of one (1) year and two (2) directors for a term of two (2) years; and at each annual meeting hereafter the Delegates shall elect directors for a term of two (2) years to succeed those directors whose terms have expired. If any annual meeting is not held, or the directors are not elected thereat, the directors may be elected at any special meeting of Delegates held for that purpose. All directors shall hold office until their respective successors are elected.

Election to the Board of Directors shall be by secret written ballot. At such election the Delegates or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Master Declaration and pursuant to the rules of cumulative voting as set forth in Corporations Code Section 7615(a). The persons receiving the largest number of votes shall be elected; provided, however, that at any election in which the Delegates other than Delegates directly or indirectly appointed by or controlled by Declarant or Participating Builders do not have a sufficient percentage of the voting power of the Master Association to elect at least twenty percent (20%), but not less than one (1), of the directors through the accumulation of all of their votes, the persons nominated for the Board who receive the highest number of votes cast by Delegates other than Delegates directly or

indirectly appointed by or controlled by Declarant or Participating Builders shall be elected to the Board until twenty percent (20%), but not less than one (1) member, of the Board is filled. Thereafter the remaining directors shall be elected in accordance with normal voting procedures.

Section 4.4. Removal: The entire Board of Directors may be removed, with or without cause, by a majority vote of the Delegates. Unless the entire Board is removed from office, as above, 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 Board of Directors authorized at the time of the most recent election of the director to be removed were then being elected; provided, however, that notwithstanding the foregoing, a director who was elected to office pursuant to the special requirement of Section 4.4 of this Article (that Delegates insure that at least one director is appointed to the Board who is not controlled directly or indirectly by the Declarant or any Participating Builder) may be removed from office by a vote of the Delegates holding a majority of the voting power of the Master Association excluding Delegates directly or indirectly appointed by or controlled by Declarant or Participating Builders. In the event of death or resignation of a director, his successor shall be selected by a majority of the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4.5. Vacancies: Vacancies in the Board may be filled by a majority of the remaining directors, though less than a quorum, and each director so elected shall hold office for the unexpired term of his predecessor and until his successor is elected at an annual meeting of Delegates, or at a special meeting called for that purpose.

A vacancy or vacancies shall be deemed to exist in case of the death or resignation of any director, or if the Delegates shall increase the authorized number of directors but shall fail at the meeting at which such increase is authorized or at an adjournment thereof, to elect the additional directors so provided for, or in the case Delegates fail at any time to elect the full number of authorized directors.

The Delegates may at any time elect directors to fill any vacancy not filled by the directors, and may elect the additional directors at the meeting at which an amendment of the Bylaws is voted authorizing an increase in the number of directors.

If any director tenders his resignation to the Board, the Board shall have power to elect a successor to take office at such time as the resignation shall become effective.

Section 4.6. Compensation: Without the prior vote or written assent of the majority of the total voting power of the Master Association, and the majority of votes of Members other than Declarant and any Participating Builders, no director shall receive compensation for any service he may render to the Master Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 4.7. Liability of Directors; Indemnification of Directors and Agents: No Director shall have any liability based upon any alleged failure to properly discharge the obligations of a director as long as such Director performs the duties of a director in a manner not expressly contrary to law and in a manner such Director believes to be in the best interests of the Master Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. A Director shall be entitled to rely on information in any form prepared or presented by officers or employees of the Master Association whom the Director believes to be reliable and competent in the matters presented and to rely on the information and advice of other outside consultants which the Director believes to be within such person's professional or expert competence. Directors and other agents of the Master Association shall be indemnified to the full extent allowed by law without limitation.

ARTICLE V

MEETINGS OF DIRECTORS

Section 5.1. Regular Meetings: Regular meetings of the Board of Directors shall be held monthly at such place located on the Properties, or as close thereto as possible, and hour as may be fixed from time to time by resolution of the Board. 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. Notice of the time and place of each meeting shall be posted at a prominent place or places within the Properties, and shall be communicated to each director not less than four (4) days prior to the meeting; provided, however, that notice of the meeting need not be given to a director who has signed a waiver of notice or a written consent to holding of the meeting.

Section 5.2. Special Meetings: Special meetings of the Board of Directors shall be held when called by the president of the Master Association, or by any two directors.