

ARTICLES OF ASSOCIATION
OF
HILEAH ESTATES PROPERTY OWNERS ASSOCIATION

KNOW ALL MEN THAT BY THESE PRESENTS THAT:

THE UNDERSIGNED DO HEREBY FORM AND CONSTITUTE THE HILEAH ESTATES PROPERTY OWNERS ASSOCIATION [HEREINAFTER CALLED THE ASSOCIATION] AN UNINCORPORATED NONPROFIT ASSOCIATION ORGANIZED SUBJECT TO THE PROVISIONS OF TITLE 3, PART 1 (ss 21000 et seq.) OF THE CALIFORNIA CORPORATIONS CODE WITH THE POWERS AND FOR THE PURPOSES HEREINAFTER SET FORTH. THE ASSOCIATION IS ORGANIZED FOR THE BENEFIT OF THE MEMBERS HEREINAFTER DEFINED.

I
PURPOSES

(a) THE SPECIFIC AND PRIMARY PURPOSES FOR WHICH THE ASSOCIATION IS ORGANIZED AND OPERATED IS TO PROVIDE FOR MANAGEMENT, MAINTENANCE, PRESERVATION AND ARCHITECTURAL CONTROL OF THE COMMON AREA TOGETHER WITH THE IMPROVEMENTS AND FACILITIES FROM TIME TO TIME CONSTRUCTED THEREON, WHICH IS A PART OF THE PARCEL OF REAL PROPERTY MORE PARTICULARLY DESCRIBED AS FOLLOWS:

ALL OF THE REAL PROPERTY SHOWN ON THAT CERTAIN SUBDIVISION MAP [HEREINAFTER CALLED "THE MAP"] FILED IN THE OFFICE OF THE RECORDER OF SAN DIEGO COUNTY ON THE 28th DAY OF JANUARY, 1969 ACCORDING TO MAP NO. 6822

(b) THE GENERAL PURPOSES FOR WHICH THE ASSOCIATION IS FORMED ARE :

(1) TO EXERCISE ALL OF THE POWERS AND PRIVILEGES AND PERFORM ALL OF THE DUTIES AND OBLIGATIONS OF THE ASSOCIATION AS SET FORTH IN THAT CERTAIN DECLARATION OF PROTECTIVE COVENANTS, RESTRICTIONS AND CONDITIONS [HEREINAFTER CALLED "RESTRICTIONS"] APPLICABLE TO THE SUBDIVIDED PROPERTY RECORDED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN DIEGO ON FEBURARY 13th,1969 IN DOCUMENT NO. 26657, AS THE SAME MAY BE AMENDED FROM TIME TO TIME AS HEREIN PROVIDED, SUCH RESTRICTIONS BEING INCORPORATED HEREIN AS THOUGH FULLY SET FORTH AT LENGTH.

(2) TO FIX, LEVY, COLLECT AND ENFORCE PAYMENT BY ALL LAWFUL MEANS OF ALL CHARGES OR ASSESSMENTS AFFECTING THE COMMON AREA PURSUANT TO THE TERMS OF THE RESTRICTIONS; TO PAY ALL EXPENSES IN CONNECTION THEREWITH AND ALL OFFICE AND OTHER EXPENSES INCIDENT TO THE CONDUCT OF THE BUSINESS OF THE ASSOCIATION, AND ALL LICENSES, FRANCHISE TAXES AND GOVERNMENTAL CHARGES LEVIED OR IMPOSED AGAINST THE PROPERTY OF THE ASSOCIATION;

(3) TO ACQUIRE BY GIFT, PURCHASE, OR OTHERWISE; TO OWN, HOLD, ENJOY, LEASE, OPERATE MAINTAIN AND TO CONVEY, SELL, LEASE, TRANSFER, MORTGAGE OR OTHERWISE ENCUMBER, DEDICATE FOR PUBLIC USE OR OTHERWISE DISPOSX OF REAL OR PERSONAL PROPERTY IN CONNECTION WITH THE AFFAIRS OF THE ASSOCIATION;

(4) TO BORROW MONEY, TO MORTGAGE, PLEDGE, DEED IN TRUST, OR HYPOTHECATE ANY OR ALL OF ITS REAL OR PERSONAL PROPERTY AS SECURITY FOR MONEY BORROWED OR DEBTS INCURRED:

(5) TO HAVE AND TO EXERCISE ANY AND ALL POWERS, RIGHTS AND PRIVILEGES WHICH A NONPROFIT, UNINCORPORATED ASSOCIATION MAY NOW OR HEREAFTER HAVE OR EXERCISE UNDER THE LAWS OF THE STATE OF CALIFORNIA; AND

(6) TO ACT IN THE CAPACITY OF PRINCIPAL, AGENT, JOINT VENTURER OR PARTNER, OR IN ANY OTHER CAPACITY WHICH MAY BE AUTHORIZED OR APPROVED BY THE BOARD OF DIRECTORS.

THE FOREGOING STATEMENT OF PURPOSES SHALL BE CONSTRUED AS A STATEMENT BOTH OF PURPOSES AND POWERS, AND PURPOSES AND POWERS IN EACH CLAUSE SHALL IN NO WISE BE LIMITED OR RESTRICTED BY REFERENCE TO OR INFERENCE FROM THE TERMS OR PROVISIONS OF ANY OTHER CLAUSE, BUT SHALL BE BROADLY CONSTRUED AS INDEPENDENT PURPOSES AND POWERS. THIS ASSOCIATION IS ONE WHICH DOES NOT CONTEMPLATE PECUNIARY GAIN OR PROFIT TO THE MEMBERS THEREOF AND IT IS ORGANIZED SOLELY FOR NONPROFIT PURPOSES. UPON THE WINDING UP AND DISSOLUTION OF THIS ASSOCIATION, AFTER PAYING OR ADEQUATELY PROVIDING FOR THE DEBTS AND OBLIGATIONS OF THE ASSOCIATION, THE REMAINING ASSETS SHALL BE DISTRIBUTED TO A NONPROFIT FUND, FOUNDATION OR CORPORATION WHICH IS ORGANIZED AND OPERATED EXCLUSIVELY FOR CHARITABLE, EDUCATIONAL AND/OR SCIENTIFIC PURPOSES AND WHICH HAS ESTABLISHED ITS TAX-EXEMPT STATUS UNDER SECTION 501 (c) (3) OF THE INTERNAL REVENUE CODE. IF THIS ASSOCIATION HOLDS ANY ASSETS ON TRUST, SUCH ASSETS SHALL BE DISPOSED OF IN SUCH MANNER AS MAY BE DIRECTED BY DECREE OF THE SUPERIOR COURT OF THE COUNTY IN WHICH THIS ASSOCIATION'S PRINCIPAL OFFICE IS LOCATED, UPON PETITION THEREFORE BY THE ATTORNEY GENERAL OR BY ANY PERSON CONCERNED IN THE LIQUIDATION.

II

PRINCIPAL OFFICE

THE COUNTY IN THE STATE OF CALIFORNIA WHERE THE PRINCIPAL OFFICE FOR THE TRANSACTION OF THE AFFAIRS OF THE ASSOCIATION IS THE COUNTY OF SAN DIEGO.

III

BOARD OF DIRECTORS

(a) THE POWERS OF THE ASSOCIATION SHALL BE EXERCISED, ITS PROPERTIES CONTROLLED AND ITS AFFAIRS CONDUCTED BY A BOARD OF DIRECTORS. THE NUMBER OF DIRECTORS SHALL BE FIVE.

(b) THE NAMES AND ADDRESSES OF THE PERSONS WHO ARE ELECTED TO ACT AS THE FIRST BOARD OF DIRECTORS ARE :

PRESIDENT

ANGUS GRAHAM 35 VIA DE LA REINA, SAN LUIS REY DOWNS, CALIF. 92068 714 758 0473

VICE PRESIDENT

MICHAEL RAINS 30518 VIA MARIA ELENA, SAN LUIS REY DOWNS, CA. 92068 714 758 0828

SECRETARY TREASURER:

MRS. WINNIE SIMMONS 6509 VIA DE LA REINA, SAN LUIS REY DOWNS, CA. 714 726 8495

DIRECTORS AT LARGE:

RAY ASKEW 6447 VIA DE LA REINA, SAN LUIS REY DOWNS, CALIF. 714 758 0524

RAY GRIMM 126 FALLBROOK STREET, FALLBROOK, CALIF. 92028 714 728 6127

IV

MEMBERSHIP AND RIGHTS INCIDENTAL THERETO

(a) THERE SHALL BE ONE (1) MEMBERSHIP IN THE ASSOCIATION APPURTENANT TO EACH BUILDING SITE IN THE SUBDIVIDED PROPERTY. THE RIGHTS OF MEMBERSHIP SHALL BE EXERCISED BY THE MEMBERS WHO ARE THE OWNERS OF THE BUILDING SITES TO WHICH WHICH THE MEMBERSHIPS ARE APPURTENANT.

(b) OWNERSHIP OF A BUILDING SITE AS SET FORTH IN SUBPARAGRAPH (a) ABOVE SHALL BE THE SOLE QUALIFICATION FOR MEMBERSHIP. NO MEMBERSHIP MAY BE SEPARATED FROM THE BUILDING SITE TO WHICH IT IS APPURTENANT; PROVIDED, HOWEVER, THE THE PRIVILEGES OF MEMBERSHIP MAY BE EXERCISED BY A NOMINEE OF A MEMBER DESIGNATED IN WRITING SO LONG AS (1) THE NOMINEE IS A TENANT OR OCCUPANT OF THE BUILDING SITE TO WHICH THE MEMBERSHIP IS APPURTENANT, (2) NO CHARGE IS MADE FOR USE OF THE MEMBERSHIP IN EXCESS OF THE AMOUNT OF ANY ASSESSMENTS LEVIED AGAINST THE OWNER BY REASON THEREOF, AND (3) ANY SUCH ASSIGNMENT OF PRIVILEGES IS REVOCABLE AT THE WILL OF THE MEMBER OR (4) AS IS PROVIDED FOR IN ARTICLE II PARAGRAPH 2.02a OF THE BY LAWS. THE DESIGNATION OF A NOMINEE SHALL IN NO WAY RELIEVE THE MEMBER FROM ANY LIABILITY ARISING BY REASON OF HIS OWNERSHIP OF A BUILDING SITE OR MEMBERSHIP IN THE ASSOCIATION. NOTHING HEREIN CONTAINED SHALL BE DEEMED TO PROHIBIT USE OF ASSOCIATION FACILITIES BY GUESTS OR OTHER PERSONS PURSUANT TO REASONABLE RULES AND REGULATIONS ADOPTED BY THE BOARD OF DIRECTORS.

(c) THE EXPENSES OF OPERATING THE ASSOCIATION, MAINTAINING, PRESERVING AND REPLACING THE PROPERTIES AND FACILITIES OF THE ASSOCIATION SHALL BE ASSESSED TO THE MEMBERS AS OWNERS OF THE BUILDING SITES. THE DETERMINATION OF THE AMOUNT AND MANNER OF LEVYING SUCH ASSESSMENTS SHALL BE IN ACCORDANCE WITH THE PROVISIONS OF THE BY LAWS. ALL SUCH ASSESSMENTS SHALL BE SUBJECT TO ENFORCEMENT BY MEANS OF THE REMEDIES SET FORTH IN THE BY LAWS.

V."

BY LAWS

THE BOARD OF DIRECTORS IS AUTHORIZED TO ADOPT BY LAWS TO GOVERN THE AFFAIRS OF THE ASSOCIATION; PROVIDED HOWEVER, THAT SAID BY LAWS SHALL NOT CONFLICT WITH OR BE CONTRARY TO THE PROVISIONS OF THESE ARTICLES AND THE RESTRICTIONS. BY LAWS MAY BE ADOPTED, AMENDED OR REPEALED BY THE BOARD OF DIRECTORS OR BY THE MEMBERS AS PROVIDED FOR HEREIN.

VI
TERM

THE ASSOCIATION SHALL REMAIN IN EXISTENCE UNTIL THE TERMINATION OF THE RESTRICTIONS: PROVIDED, HOWEVER, THAT THE ASSOCIATION MAY BE DISSOLVED AT ANY TIME UPON A TWO THIRDS (2/3) MAJORITY VOTE OF THE MEMBERS, OR IF ITS RIGHTS, DUTIES, OBLIGATIONS AND ASSETS ARE TRANSFERRED TO A NONPROFIT MEMBERSHIP CORPORATION, FORMED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

VII
AMENDMENT

(a) THERE SHALL BE NO AMENDMENT OF ARTICLE IV HEREOF EXCEPT BY VOTE OR WRITTEN CONSENT OF THE MEMBERSHIP.

(b) ANY OTHER PROVISION HEREOF MAY BE AMENDED ONLY BY VOTE OR WRITTEN CONSENT OF MEMBERS ENTITLED TO EXERCISE SIXTY SEVEN PERCENT (67%) OR MORE OF THE TOTAL VOTING POWER.

IN WITNESS WHEREOF FOR THE PURPOSE OF FORMING THE ASSOCIATION, WE, THE UNDERSIGNED, HAVE EXECUTED THESE ARTICLES OF ASSOCIATION THE TWENTY EIGHTH DAY OF SEPTEMBER, 1975

ANGUS GRAHAM

MICHAEL RAINS

MRS. DONALD SIMMONS

RAY ASKEW

RAY GRIMM

GEORGE CHILBERG

WILFRED F. MENEGUS

ROBERT BLACK

ROBERT FRAZIER

WALTER CROMER

DAVID ALBEE

CHARLES GALLAGHER

JEROME GRAVES

DONALD WAGGONER

THOMAS O. BROWN

BRAD THURMAN

CRAIG GRIMM

L.M. WHITELOCK

WEBESTER HEATH

RICHARD EBINGER

ROBERT GROSH

STEPHEN BUCHENAU

File 1978

AMENDMENT

TO

ARTICLES OF ASSOCIATION

HIALEAH ESTATES PROPERTY OWNERS ASSOCIATION

The Articles of Association of Hialeah Estates Property Owners's Association dated September 28, 1975 are hereby amended as follows:

1. There shall be added to Article I (b)(2) the following:

"Property of the Association" is restricted to the definitions of that term as found in Internal Revenue Code Sections 528(c)(4)(a) and (b).

2. There shall be added after I(b)(6) the following:

(7) No part of the net earnings of the Association shall inure to the benefit of any private member or individual, except through the acquisition, construction, management, maintenance, or care of Association property or through the rebate of excess membership dues, fees, or assessments.

3. There shall be added after IV(c):

Excess assessments over the expenses for the year shall be refunded to members or applied to the following years regular assessments, pursuant to a specific vote of the membership at a membership meeting so provided in the By-Laws at Article III, Section 3.02.

4. There shall be added after Article VI:

(b) the annual accounting period of the Association shall begin on July 1 and end on June 30.

The undersigned members of the Association do hereby consent to this Amendment in accordance with Article VII of the Articles of Association.

Dated as of this July, 1978.