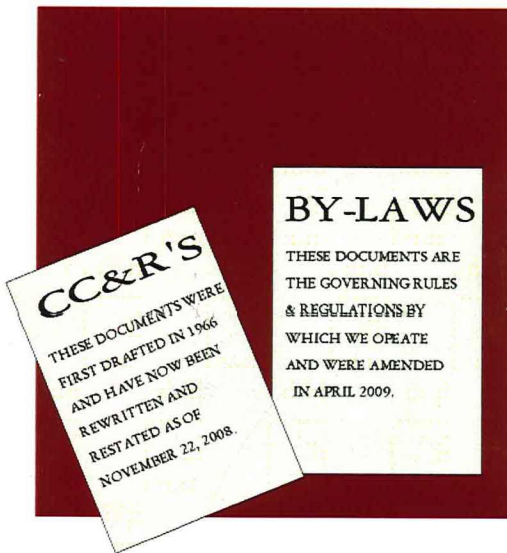


DECLARATION OF CONDITIONS,
COVENANTS & RESTRICTIONS
and
BY-LAWS



Pauma Valley Country Club Estates
Homeowners' Association No. 1

May 2009

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AMENDED AND RESTATED DECLARATION
of CONDITIONS, COVENANTS, and RESTRICTIONS of
PAUMA VALLEY COUNTRY CLUB ESTATES HOMEOWNERS'
ASSOCIATION NO. 1

Dated November 22, 2008

This Amended and Restated Declaration of Conditions, Covenants and Restrictions (herein "Declaration") is made on the date hereinafter written by The Pauma Valley Country Club Estates Homeowners' Association No.1, (herein "Association" or "Homeowners' Association"), with reference to the following Recitals.

RECITALS

- A. There was filed on September 8, 1966 as File No. 146665 of the Office of the County Recorder of San Diego County, California, a declaration (the "1966 Declaration") by the then owner of Lots number 1 to 139 inclusive (herein each referred to as a "lot" and collectively as "lots") laid out and delineated on that certain map entitled "Pauma Valley Country Club Estates, Re: Subdivision No. 1," according to the map thereof No. 5758 filed in the Office of the County Recorder of San Diego County, California, on July 20, 1966 (herein the "Map").
- B. The 1966 Declaration was amended by a filing on October 23, 1968 as File No. 185936 and was again amended by a filing on January 21, 1976 as File No. 76-018560, both in the Office of the County Recorder of San Diego County, California.
- C. The Association has been assigned pursuant to the 1966 Declaration, as it has been amended, all rights powers and benefits of the declarant of such filing.
- D. The owners of lots, being members of the Association, wish to provide for the continuation of the unusually attractive and valuable aspects of the lots and their residences, by restating the following covenants and restrictions so as to continue to impose a general plan for the improvement, development, use and occupancy of the said lots and each and every part thereof, all of which shall be binding on and inure to the benefit of the owners and future owners of said lots and all thereof, in order to enhance

the value, desirability and attractiveness thereof.

- E. The Association now desires to amend the 1966 Declaration, as previously amended, and replace it in its entirety with this Declaration. The Association further desires that, upon recordation of this Declaration, the lots shall be subject to the covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, liens and charges contained herein, and that this Declaration shall take the place of and relate back in time to the recording of the 1966 Declaration.

- F. The 1966 Declaration provides that it may be amended with the consent of the owners of eighty percent (80%) of the lots. The duly appointed, President and Secretary of the Homeowners' Association certify by their signatures hereto that the approval in writing of at least eighty percent (80%) of the owners of lots has been received for this Declaration.

NOW, THEREFORE, the Association on behalf of the owners of the lots as Declarant hereby declares that said lots and each of them are held and shall henceforth continue to be sold, conveyed, used, improved, occupied, resided upon, hypothecated, and held upon and subject to the manner, provisions, conditions, restrictions, agreements and covenants set forth herein between Declarant and the owners and subsequent owners thereof, and their and each of their heirs, personal representatives, successors and assigns, all of which provisions, conditions, restrictions, agreements and covenants are, and each of them is, impressed and imposed upon each and every lot of said lots as a servitude in favor of each and every lot thereof as the dominant tenement or tenements as follows, to wit:

SECTION 1. TERM OF COVENANTS:

All of the provisions, restrictions, conditions and agreements set forth in this Declaration shall affect each and all of the lots delineated on said Map, shall run with the land, and shall exist and be binding for a period of thirty (30) years from date hereof; provided however, that these covenants, or any provisions hereof, may be terminated, modified, or amended as to the whole of the lots or any portion thereof, with the written consent of the owners of eighty percent (80%) of the lots subject to these restrictions. The term of these covenants shall be automatically

extended for successive ten-year additional periods following the original thirty-year period, unless a notice of termination is executed by the owners of eighty percent (80%) of the lots subject to these restrictions and filed as hereinafter set forth. No such termination, modification, or amendment shall be effective until a proper instrument in writing has been executed and acknowledged and recorded in the Office of the Recorder of San Diego County, California. Such consents of eighty percent (80%) of the lots subject to these restrictions can be certified by the signatures of both the then President and Secretary of the Homeowners' Association.

SECTION 2. PROPERTY SUBJECT TO THESE COVENANTS:

All of the said restrictions, conditions, covenants, provisions and agreements are made of the mutual and reciprocal benefit of each and every lots 1-139 inclusive as shown on said Map of Pauma Valley Country Club Estates Re: subdivision No. 1 according to the map thereof No. 5758 filed in the office of the San Diego County Recorder on July 20, 1966. Building site as used in these covenants shall mean any lot or portion thereof, or any two or more contiguous lots, or a parcel of land of record and in a single ownership and upon which a structure may be erected in conformance with the requirements of these covenants. No property other than that described above shall be deemed subject to this Declaration.

SECTION 3. GENERAL PURPOSES:

Each and every lot is subjected to the covenants, restrictions, conditions, reservations, liens, and charges hereby declared to (i) ensure the best use and the most appropriate development, improvement, and occupancy of all lots and thereby to protect the owner of each lot against such improper use of surrounding lots as will cause annoyance or depreciate the value of their property; (ii) preserve, so far as practical, the natural beauty of the property; by guarding against the erection thereon of poorly designed or proportioned structures and structures built of improper or unsuitable materials; (iii) prevent haphazard and inharmonious improvement of lots especially by obtaining appropriate location thereon of improvements with harmonious color schemes and proper setbacks from streets and adequate free spaces between structures established and maintained; and (iv) in general provide adequately for a high type and quality of lot maintenance improvements

and standards of occupancy, and thereby to enhance the value of investments made by owners of lots.

SECTION 4. PRIVATE RESIDENCE PURPOSES ONLY:

Each and every of the said lots shall be used for private residence purposes only, and no structure whatever, other than one first-class, single-story, private, one-family residence shall be erected or maintained on any lot. Garages must be part of the residence or attached by arbor or breeze way if not directly attached to the residence structure. No more than one room in each residence may contain kitchen facilities. In addition to the residence structure, swimming pools, walls, fences and landscaping may be installed subject to approval of plans by the Architectural Committee, as such is more fully described in Section 7 below. Notwithstanding anything set forth herein, it is expressly declared that the Pauma Valley Country Club may construct and operate a golf course over Lots 36, 37, and 139 of the subdivision, subject to these covenants, and that greens, fairways, trees and the usual golf course landscaping may be constructed over said lots for golf course purposes and that Lot 1 may be used for landscaping and right-of-way purposes. No structures may be constructed on said lots while they are being used for golf course or landscaping purposes. Said lots shall not be subject to the assessment of the Homeowners' Association as described in Section 27 below during the time they are being used for golf course or landscaping purposes, but said assessments shall apply in full at any time they are not being used for such purposes. All provisions of this Declaration shall remain fully applicable to Lots 36, 37, and 139, except as inconsistent with the express provisions of this paragraph.

SECTION 5. PROHIBITED USES:

No business or profession of any nature shall be conducted on any lot excepting what is commonly termed as a "home office", and no building or structure intended for or adapted to business or professional purposes, nor any apartment house, hotel, duplex house, flat building, lodging house, rooming house, church, school, meeting hall, hospital, care-facility or sanitarium shall be erected, placed, permitted or maintained on any lot. All residences shall be a single family residence with occupation limited to two people per bedroom on a permanent basis. (For this purpose, a permanent basis means residing in the same

residence for more than any thirty (30) days out of any twelve-month period.)

No noxious, illegal or seriously offensive activities shall be conducted on any lot. Nor shall anything be done that may be, or become, a serious annoyance of another resident, or that shall in any way cause any harm to another resident mentally, physically or financially. No conduct by any resident shall abridge the right of quiet enjoyment of any other resident or residents. Other than in case of an emergency, no noisy power equipment is to be used before 8:00 A.M. or after 5:00 P.M., Monday to Friday, before 8:00 A. M. or after 2.00 P.M. on Saturday, or at all on a Sunday or on any day recognized as a legal holiday by the State of California.

SECTION 6. TEMPORARY STRUCTURES:

No temporary house, trailer, tent, garage, outbuilding, or other temporary structure, shall be placed or erected upon any part of said lots or upon any lot, and no residence or improvement placed or erected on any lot shall be occupied in any manner at any time prior to its being fully completed in accordance with approved plans, as hereinafter provided, nor shall any residence when completed be in any manner occupied until made to comply with all requirements, conditions and restrictions herein set forth, provided, however, that during the actual construction or alteration of a building on any lot, necessary temporary buildings for storage of materials may be erected and maintained by the person doing such work. The work of constructing, altering or remodeling any buildings on any part of the lots shall be prosecuted diligently from the commencement thereof until completion thereof.

SECTION 7. APPROVAL OF PLANS:

All plans and specifications for any building, swimming pool, fence, coping, mail box, name plate, or other structure whatsoever to be erected on or moved upon or to any lot or part of said lots, including the proposed location thereof on any lot or lots and plans for planting and landscaping, any later changes or additions after initial approval thereof, and any remodeling, reconstruction, alterations, without limitation including repainting or restaining, or additions to any building or other structure on any part of any lot or said lots, and any consolidation, subdivision or other rearrangement of the boundaries of a lot or lots as

originally laid out in the Map, shall be subject to, and shall require, approval in writing by the Architectural Committee. The Architectural Committee shall consist of three lot owners including, to the extent possible, at least one owner with a professional credential as an architect, civil engineer, or an interior designer with a national professional credential, or having equivalent professional experience. The Architectural Committee members shall be appointed by, and shall serve for a term of one year at the pleasure of, the board of directors (the "Board") of the Homeowners Association described in Section 26. Retiring Architectural Committee members may be reappointed at the discretion of the Board..

In order to avoid unnecessary hardships, it is mandatory that all lot owners contemplating works of construction, improvements, lot relayout, and the like, shall submit to the Architectural Committee at the outset preliminary drawings in duplicate in order to obtain tentative action thereon before causing preparation of detailed or complete drawings, and/or incurring substantial expenses in that regard.

The preliminary drawings shall include a proposed plot plan, grading plan and a rendering which shall show location of the residence on the site, dimensions, elevations, roof lines, materials and color scheme for roof and exterior walls, the square footage of the living area and the square footage of the total residence including garage and porches, and preliminary plans for landscaping, fences, hedges or trees. If the Architectural Committee has not disapproved the preliminary plans within thirty (30) days of their receipt, such preliminary plans shall be considered approved. Approval by the Architectural Committee of said preliminary plans does not in any way constitute approval by the Architectural Committee of the final plans and specifications which shall be submitted subsequently.

Before anyone shall commence the construction, reconstruction, remodeling, addition or alteration of any structure whatsoever on any lot or lots, or seek to rearrange the boundaries of a lot or lots as originally laid out in the Map, there shall be submitted to the Architectural Committee two complete sets of the final plans and specifications for said improvement, and no such structure or improvement of any kind shall be erected, altered, placed or maintained upon any lot unless and until the final plans, elevations and specifications therefor have received such written approval as herein provided.

Such final plans shall include all items required within the preliminary drawings as well as final detail necessary for complete construction. The Architectural Committee may designate a uniform style of address plate and nameplate which may be installed by the homeowners.

Where required, a deposit shall accompany the sets of the final plans to the Architectural Committee, which deposit is to be used to reimburse the Association for any costs incurred in assessing the plans and enforcing the covenants of this Declaration in regards to the planned construction. Any of the funds that are unused in this regard shall be refunded to the depositor upon submission in writing to the Architectural Committee of a request for such a refund along with the final certificate of completion or occupancy issued by the County of San Diego. The amount of the deposit shall be one thousand dollars (\$1,000) for minor improvements, such as visible exterior changes other than landscaping, and two thousand five hundred dollars (\$2,500) for major improvements, such as new construction or major tear down and rebuild, as such may be classified in the discretion of the Architectural Committee. The time period for approval of submissions to the Architectural Committee shall not begin until such amount has been received in good funds by the Association.

The Architectural Committee shall approve or disapprove final plans, specifications, and details within thirty (30) days from the receipt thereof. One set of said plans and specifications and details with the approval or disapproval endorsed thereon shall be returned to the person submitting same and the other copy thereof shall be retained by the Architectural Committee. In the event the within thirty (30) days subsequent to its receipt of the final plans the Architectural Committee has not sent by prepaid certified mail to the address of the applicant recorded for such purposes on the submitted documents a notice of approval or disapproval of the final plans, then such plans, specifications and details shall be considered approved as submitted.

The Architectural Committee shall have the right to disapprove any plans, specifications, or details submitted to it as aforesaid in the event such plans, specifications and details are (i) not in accordance with all of the provisions of this Declaration, or (ii) if the design or color scheme of the proposed building or other structure is not in harmony with the general surroundings of such lot or with the adjacent buildings or

structures, or (iii) if the plans and specifications submitted are incomplete, or (iv) in the event the Board, by a simple majority of a quorum, deems the plans and specifications or details or any part thereof to be contrary to the interests, welfare or rights of all or any part of the lots subject hereto, or the owners thereof, or of the adjacent lot owners, all in the sole and uncontrolled discretion of the Architectural Committee, provided that a lot owner shall have the right of appeal to the Board in the event of any dispute with the Architectural Committee.

A lot owner in dispute with the Architectural Committee shall have the right of a hearing or review by a majority of the Board, if requested in writing within ten (10) calendar days of the determination by the Architectural Committee that is objectionable (the "Determination") being received by such lot owner. Such review can result in a change of the Determination. If no such meeting is requested, or if a meeting is requested and not held on a date convenient to the Association within thirty (30) calendar days of the date of its request, or if such a meeting is held and the attending representatives of the Association do not withdraw or modify the Determination, then the Determination shall stand.

None of the Architectural Committee, Homeowners' Association, nor any architect or advisor retained by them shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the foregoing, nor for any structural or other defect in any work done according to such plans or specifications. No buildings or improvements of any kind constructed or placed upon any of said lots thereafter shall be demolished or moved without the prior written approval of the Architectural Committee.

SECTION 8. RESIDENCE SIZE:

Every principal residence constructed on any lot shall have not less than two-thousand (2,000) square feet of fully enclosed floor area devoted to living purposes (exclusive of roofed or unroofed porches, terraces, garages or carports). No dwelling shall exceed thirty (30) feet in height. Such height shall be measured from the lowest point of the foundation to the highest point of the structure.

SECTION 9. VARIANCES:

By the approval of a simple majority of a quorum of its Board, the Homeowners' Association may allow reasonable variances and adjustments of these conditions and restrictions in order to overcome practical difficulties and prevent unnecessary hardships in the application of the regulations contained herein, provided this may only be done (i) in conformity with the intent and purposes hereof, (ii) so that such variance(s) or adjustment(s) will not be materially detrimental or injurious to other property or improvements in the lots, or the owners or occupiers thereof, and (iii) in a way that is consistent and non-discriminatory as between two, or among more than two, lot owners..

Nothing in this declaration shall be interpreted or construed so as to cause any structure or planting(s), nor any combination or sub-division of any lot or lots as originally laid out in the Map, existing as of the date of filing hereof to not be in compliance with the requirements hereof.

SECTION 10. LIVESTOCK AND PETS:

No horses, cattle, sheep, goats, pigs, rabbits, poultry, or other livestock of any description shall be kept or maintained on any part of said lots, with the exception of domestic pets such as dogs, cats, and birds. Such pets shall (i) in number not exceed the San Diego County regulations regarding such and, (ii) not make objectionable noises or otherwise constitute a nuisance or inconvenience to any of the residents of adjacent lots. When such permitted pets leave or are taken from the lot of their owner, and while they are within the boundaries of the said lots, they shall be restrained so as to not cause any danger to themselves, any other pet, person or vehicle and, without limitation, other than when in designated areas such as dog parks, all dogs shall be on a leash held by a responsible person as mandated by the regulations and ordinances of the County of San Diego.

SECTION 11. SETBACKS:

Every building, structure, or improvement, other than a wall, swimming pool or fence, which is erected or placed upon any lot (excluding uncovered terraces, steps, and roof projections at the eaves) shall be set back the following prescribed distances from lot lines (in no event shall the projection at the eaves extend more than six (6) feet beyond the side yard setback lines):

Front Yard Setbacks: Not less than twenty-five (25) feet from any street lot line. Corner lots fronting on two streets shall be considered as having two street lot lines, and the setbacks shall not be less than twenty-five (25) feet from each.

Side Yard Setbacks: Not less than fifteen (15) feet from any side lot line provided that the setback in Lot 94 from the side lot line adjacent to Lots 93 and 95 shall be ten (10) feet.

Rear Yard Setbacks: Not less than twenty-five (25) feet from any rear lot line.

Where the rear line of a lot also constitutes the property line or lines of another lot or lots, or where a lot adjoins open property, other than the golf course, then the rear setbacks shall not be less than twenty (20) feet. Provided that, should the County of San Diego grant a variance for any lot subject to these covenants decreasing the feet rear setback required by County ordinance, then the rear setback required by these covenants for said lot shall also decrease in the amount of the variance allowed by the County.

SECTION 12. WALLS AND FENCES:

No wall, coping or fence exceeding five (5) feet in height measured from the adjoining ground surface inside the wall may be erected or maintained on any lot. Boundary planting along lot lines, except trees with single trunks, shall not exceed eight (8) feet in height. No walls, coping, fences, or hedges will be permitted on the street frontage of any lot beyond the setback line unless permission is granted by the Architectural Committee. On lots adjoining the golf course, all buildings and structures shall be set back not less than twenty-five (25) feet from boundary lines thereof with the golf course and all walls, fences, structures, hedges, or other than small decorative plantings or grass between the residence and the golf course frontage shall require the approval of the Architectural Committee.

SECTION 13. EASEMENTS RESERVED:

Easements and rights of way in perpetuity are hereby reserved for the erection, construction, maintenance and operation of underground wires,

cable pipes, conduits and apparatus for the transmission of electrical energy, and for telephone, data services, television and radio lines and for the furnishing of water, gas, sewer service or for other utility purposes, together with the right of entry for the purpose of installing, maintaining and reading gas, electric and water meters, together with the further right to the undersigned to convey or lease the whole or any portion of such easement, right of way, and right of entry to any person or persons or to any corporation or municipal body over, under, along, across, upon and through a strip of land five (5) feet in width along the boundary lines of all lots in said lots. No structures may be constructed over said easements, but lot owners may landscape over said easements when not otherwise in violation of these covenants.

SECTION 14. PROHIBITED CONSTRUCTION:

Any building placed, erected or maintained upon any lot in the lots shall be entirely constructed thereon. No building or any part thereof shall be moved or placed on any lot from elsewhere, without the written consent of the Homeowners' Association. No construction shall be without the necessary regulatory permits.

No derrick or other structure designed for use in boring for water, oil, or natural gas shall be erected, placed or permitted upon any part of said lots, nor shall any water, oil or natural gas be produced or extracted therefrom.

No sign shall be erected, placed, permitted or maintained on any lot, or on any building on a lot, other than a name plate of the occupant and a street number or offering the property for sale, rent or lease. Only one such offering sign shall be permitted for each lot, and no sign shall exceed 150 square inches total area. The offering sign shall be located on one street-front at least ten feet (10') inside the street curb and shall not be exposed to the golf course.

Exterior tanks on said lots, including tanks for storage of natural gas and oil, must be below ground or must be on ground level suitably covered or shielded by landscaping. All types of refrigeration, air conditioning, cooling, and heating equipment must be entirely within the confines of the residence or, if outside, must be on the ground level suitably covered and reasonably sound proofed.

There shall be with each residence a service yard area of at least one hundred (100) square feet, fully enclosed with a solid type wall or solid type fencing to conceal clotheslines, garbage cans, wood piles, and storage piles from neighboring lots, roads and golf course. All aerial masts, radio, television antennae, electronic reception dishes exceeding twenty-four inches (24") in diameter, solar energy panels and similar appurtenances are prohibited except with the written consent of the Architectural Committee..

All electric, cable television, telephone, data services, sewer and water line installations, and the like, and connections thereto from lot owner's lot line to residence or structures shall be underground.

SECTION 15. GROUNDS MAINTENANCE:

Grass, weeds, and vegetation on each lot shall be kept mowed at regular intervals so as to maintain the same in a neat and attractive manner. Trees, shrubs, vines and plants which die shall promptly be removed. Before and after homes are built on any of said lots, Homeowners' Association may, at its option, have the grass, weeds and vegetation cut when and as often as the same is necessary in its judgment, and have dead trees, shrubs and plants removed from any lot, and the owner of such lot shall be obligated to reimburse Homeowners' Association for the cost of such work, said cost to become a lien against the lot on which the work is done or performed. No lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept on any lot except in sanitary containers.

No clothes, sheets, blankets or other articles shall be hung out to dry on any part of a lot, and no trailers, motor homes, recreational vehicles or boats shall be stored on any part of a lot, except in a yard enclosed by a lattice, fence, wall or other enclosure approved of by the Architectural Committee, which enclosure shall be of a nature to effectively conceal contents from outside view.

In the event any structure is destroyed either wholly or partially by fire or any other casualty, said structure shall be promptly rebuilt or remodeled to conform to this Declaration or all remaining portions of the structure, including the foundations and all debris, shall be promptly removed from the lot. An entire rebuild shall be within one year (or such longer period as may be agreed by the Board) of the date of the

incident that caused such destruction.

No lot shall be used in whole or part for the storage of any property or thing that will cause such lot to appear in an unclean, disorderly or untidy condition, or that will be otherwise obnoxious. No noxious or offensive activity shall be carried on upon any lot nor shall anything be done, placed or stored thereon which may be, or become, any annoyance or nuisance to the neighborhood or occasion any noise or odor which will, or might disturb the peace, quiet, comfort or serenity of the occupants of nearby properties, or players on the golf course.

SECTION 16. SUBDIVISION OF LOTS:

No lot or lots shall be subdivided except for the purpose of combining portions with an adjoining lot, provided that no additional lot or building site is created thereby. Not less than one entire lot as originally laid out shall be used as a building site.

SECTION 17. TREE MAINTENANCE:

Except where necessary in the erection of a dwelling or a garage or for road approaches thereto, or causing a readily apparent physical danger, no trees presently growing on the lots shall be cut down or mutilated without the written consent of the Architectural Committee.

SECTION 18. EXTERIOR FINISHING AND LANDSCAPING:

All exterior construction and paint or stain finishing shall be completed within ten (10) months from the start of construction, and no major construction or alteration shall be done except by architects, designers, contractors or builders properly licensed in the State of California. All landscaping will be completed within ninety (90) days of the issuance of the Certificate of Occupancy but in no event later than thirteen (13) months subsequent to the date of the commencement of construction.

SECTION 19. VEHICLE RESTRICTIONS:

Whether operable or inoperable, no trailer, camper, mobile home, commercial vehicle, recreational vehicle, truck, or any other vehicle too large to be accommodated by a residents garage shall be parked or stored on any lot in such a manner as to be visible from the street or an

adjacent residence. No such vehicle shall be parked on any street or easement within or adjacent to the lots.

Residents may park, or have others park, vehicles outside of a garage on the driveway only if the vehicle parked outside the garage is an ordinary passenger vehicle that is of the size that would fit in the garage. Other than with the prior written approval of the Board, such parking shall be for a period not exceeding a duration of ten (10) days in any consecutive four week period.

Other than with the prior written approval of the Board, no vehicle belonging to a resident, invitee or visitor may be parked on any street within or adjacent to the lots except on a temporary basis for a period not exceeding a duration of ten (10) days in any consecutive four week period.

SECTION 20. VIOLATION OF COVENANTS:

All provisions, conditions, restrictions and covenants herein shall be binding on all lots and parcels of real estate, and the owners thereof, and a violation of said provisions, conditions, restrictions or covenants shall warrant the Homeowners' Association or any lot owner to apply to any court of law or equity having jurisdiction thereof for injunctive relief, and if such relief be granted the court may, in its discretion, award to the plaintiff court costs and reasonable attorneys' fees.

Whether or not such application is made, the Homeowners' Association shall have the authority to levy via a simple majority vote of its Board a monetary penalty assessment to accrue on a lot at a rate of an amount between fifty dollars (\$50.00) and two hundred and fifty dollars (\$250.00), inclusive, per day, for the period from the effective date of the assessment notice until the date that any violation of the covenants hereof by such lot owner, or the agent, family, guest, invitee, lessee or tenant of such lot owner, be abated or permanently discontinued. Except as otherwise herein provided, the cause of such assessment shall be set forth in a writing placed in the U.S. mails, first class prepaid, addressed to address of the lot owner of record on file with the Homeowners' Association. That date which is seven (7) calendar days subsequent to such a notice so being mailed shall, for purposes hereof and thereof, be the "effective date of the assessment". The assessed owner shall have the right of a hearing or review by a majority of the

Board, if requested in writing within five (5) calendar days of the effective date of the assessment notice. Such review can result in a deferral of the effective date of the notice. If no such meeting is requested, or if a meeting is requested and not held on a date convenient to the Association within ten (10) calendar days of the effective date of the assessment notice, or if such a meeting is held and the attending representatives of the Association do not withdraw or modify the assessment, or its effective date, then the assessment shall stand. Such monetary penalty assessments shall be subject to late charges and interest if not timely paid and subject to all collection actions provided herein, including liens.

Monetary penalty assessments received, if any, shall be used to fund operating costs of the Association.

Any lot owner believing there to be a violation of the covenants hereof by another lot owner, or the agent, family, guest, invitee, lessee or tenant of such other lot owner, shall bring such believed violation timely to the notice of a member of the Board. Covenant violations of Section 19 hereof, those of an extreme, urgent, or precipitous nature, or those requiring corrective actions of immediacy, may be brought to the attention of the owner of record of the lot from which the violation originates in person, or by any other means convenient to the Board, and, in such cases, the date of such communication shall be considered for purposes hereof to be the effective date of any related assessment. Other issues that in the judgment of a member of the Board are in violation of the covenants hereof shall be brought to the attention of the owner of record of the lot from which the violation originates as soon as convenient and, if orally, shall be confirmed in writing or by e-mail as soon as reasonably practical, and, in such cases the effective date of any related assessment shall be as provided above.

No violation of any of the provisions, conditions, restrictions or covenants of this Declaration shall defeat or render invalid the lien of any mortgage or deed of trust made in good faith for value as to any portion of said lots. However such provisions, conditions, restrictions, and covenants, and assessments arising therefrom, shall be enforceable against any portion of said lots acquired by any successor in interest whether such interest is acquired through foreclosure, or by deed in lieu of foreclosure, or by any means whatsoever.

SECTION 21. SUMMARY ENFORCEMENT:

In the event of violation or breach, or reasonably suspected violation or breach, of any of said restrictions, conditions, covenants, or agreements herein contained, and to verify that any construction on any lot is in accordance with plans approved by the Architectural Committee, the Architectural Committee and the Association or their agents shall also have the right to enter upon the lot or lots on which, or as to which, such violation or breach exists, is suspected to exist, or for which any verification is performed, and summarily to abate or remove at the expense of the owner thereof, any structure, thing or condition that may exist therein contrary to the intent and meaning hereof, and none of the Architectural Committee, the Homeowners' Association nor its agents shall be deemed guilty of any manner of trespass for or by reason of such entry, abatement or removal.

SECTION 22. MUTUAL BENEFIT:

Each grantee of the properties included within this Declaration, by acceptance of a deed conveying any of the lots or properties, shall accept title thereto upon and subject to each and all of the restrictions, conditions, covenants and agreements herein contained, and the jurisdiction rights and power of the Association, and by such acceptance, shall for himself, his heirs, personal representatives, successors and assigns, covenant, agree and consent to and with the Association, and to and with the grantees and subsequent owners of each said other lots, to keep, observe, comply with and perform said restrictions, covenants, conditions and agreements of each thereof.

Said restrictions, covenants and agreements are intended and imposed for the direct and mutual and reciprocal benefit of each and all of said lots and subsequent owners thereof, and to create mutual and equitable servitude upon each of said lots in favor of each other lot and reciprocal rights and obligations and privity of contract and estate between the grantees of said lots, their respective heirs, successors and assigns.

The provisions herein contained are for the benefit of each and all of said lots and are and shall operate as covenants running with the land, and shall inure to the benefit of, and be binding upon, the purchasers and owners of each of said lots. The provisions contained herein may be enforced, and any breach thereof enjoined, abated or remedied by

appropriate proceedings by Declarant.

SECTION 23. NO WAIVER:

No delay or omission on the part of the undersigned or its successors or assigns in interest of the owner or owners of any lot or lots in exercising any right, power or remedy herein provided for in the event of any breach of any of the provisions, conditions, restrictions and covenants herein contained, shall be construed as a waiver thereof or an acquiescence therein; and no right of action shall accrue nor shall any action be brought or maintained for or on account of its failure to exercise any right, power or remedy herein provided for in the event of any such breach, or for imposing herein provisions, conditions, restrictions or covenants which may be unenforceable.

SECTION 24. VALIDITY OF THESE COVENANTS:

In the event that any one or more than one of the provisions, conditions, restrictions and covenants herein set forth shall be held by any arbitrator appointed hereunder or by any court of competent jurisdiction to be null and void, all remaining provisions, conditions, restrictions and covenants herein set forth shall be continued unimpaired and in full force and effect.

SECTION 25. ASSIGNMENT:

Any or all of the right, title, interest and estate given to or reserved by Declarant herein may be transferred or assigned to any person, persons, or corporations by appropriate instrument in writing executed by Declarant and recorded in the Office of the County Recorder of said County of San Diego, California, subject to Section 27 below.

SECTION 26. HOMEOWNERS' ASSOCIATION:

Pauma Valley Country Club Estates Home Owners' Association No. 1, a California non-profit corporation, has been formed for the purpose of the enforcement of these covenants, restrictions and conditions and for the general benefit of the lots subject to these covenants. Wherever the word "Declarant" appears in this Declaration, it shall be deemed to include any successor to the rights of Declarant under this Section 27.

The Pauma Valley Country Club Estates Homeowners' Association No.1, in addition to any other powers it may be granted, shall have the power to levy assessments for, and carry out, the functions and services set forth in Subparagraphs (a) through (g) of this Section 27.

Every person or entity who acquired title to any lot or portion of a lot subject to these protective covenants shall be conclusively deemed to have consented and agreed to pay all charges and assessments of said Association levied upon or assessed against him or his said lot and every such person shall also be conclusively deemed to have consented and agreed that on the date any charge or assessment of such Association is levied or assessed against him, the same shall constitute a lien against all real property owned by him that is subject to these restrictions, as security for the payment of said charges and assessments, which lien may be enforced by said Association, either by an action at law to collect all charges and assessments secured thereby, or by an action to foreclose said lien, provided, however, that all such charges and assessments of such Association shall be devoted only to the following, to wit:

- (a) Those fees and assessments set forth herein in specific amount or range of amounts, and as such amounts or ranges of amounts are increased by the Association on that day which shall be the first day of January in each calendar year subsequent to the year of the recording of this document, provided that such increase from the amounts applicable in the then prior year shall not be greater in percentage than the lowest cost of living adjustment then made to Social Security payments, or the like, by the then controlling department of the government of the United States.
- (b) Expenses, if any, incidental to the enforcement of the conditions, covenants, restrictions, and charges contained in this Declaration, and to the collection of the charge or assessment provided for herein.
- (c) Expense of cleaning, lighting, maintenance, repair and replacement of streets located within or adjacent to the lots subject to this declaration, which are not cleaned, lighted, maintained, repaired, or replaced by another entity.
- (d) Expense of providing grounds maintenance as more fully defined in Section 15 above for any part or all of

the lots subject to these covenants.

- (e) The expense of landscaping and maintenance of the landscaping and the grounds of any lots subject to this Declaration over which the Association has obtained an easement for such purposes, or has acquired fee title, and which lot is landscaped and maintained for the benefit of the owners of the lots subject to these covenants, including payment of any taxes or assessment assessed against said lots.
- (f) Office, legal, insurance and accounting expense incidental to the conduct of the business of said Association.
- (g) Other expenses approved of in advance of commitment or expenditure by an affirmative vote more than two-thirds (2/3rds) of the then owners of all lots.

Any assessment, specifically including monetary penalty assessments, hereunder shall be in default if not paid within thirty (30) days after the due date for said assessment. Upon such default the Board shall further assess by notice served on the lot owner a late charge which shall be ten percent (10%) of the delinquent amount, subject to a minimum late charge of twenty-five dollars (\$25.00).

In the event of continuing default, the Association may enforce the obligation to pay the assessment, specifically including monetary penalty assessments hereunder, in either or both of the following manners:

- (1) By suit or suits at law to enforce each such assessment obligation. Any judgment shall include, where permissible under law, a sum for reasonable attorney's fees as adjudged by the court. Upon full satisfaction of any judgment, it shall be the duty of the Association by an authorized officer to execute and deliver to the judgment debtor an appropriate satisfaction.
- (2) By enforcement of a lien against the lot(s) owned by the member who is in default. The amount of any such assessment, plus other charges incurred in collection thereof, including interest, court costs, and attorney's fees, shall be a lien upon the lot(s) owned by the

member assessed when the Board causes to be recorded with the County Recorder of San Diego County a notice of assessment, which notice shall state the amount of such assessment and other charges due, a description of the residence lot against which it has been assessed, and the name of the record owner thereof.

Such notice shall be signed by all the members of, or by a representative authorized by, the Board. Each unpaid assessment, together with any late charges assessed thereon, shall bear interest, at the rate per annum determined by the Board but in any case not less than twelve percent (12%) per year or the maximum rate allowed by law, if lower, from thirty (30) days following the date of recording such notice of assessment. Upon payment of the assessment and charges set forth in any notice, including all costs associated with both recording the notice and recording any release of the lien created by such notice, the Board shall cause to be recorded a further notice stating the satisfaction and the release of the lien.

The liens created under hereunder shall be prior to all other liens except real property tax liens of any municipal or governmental agency or special district, and such liens shall also be subject and subordinate to any first mortgage or first deed of trust now or hereinafter made upon any residence lot, and the lien shall in no way supersede or in any way reduce the security or affect the validity of any such first mortgage or first deed of trust. However, if any lot is sold under a foreclosure of any mortgage, any purchaser at such foreclosure sale and his successors and assigns shall take the lot subject to any liens thereafter assessed pursuant to this Declaration and shall take and hold said lot subject to all other terms and conditions of this Declaration.

Such lien may be enforced by sale of the residence lot by the Board, its attorney or other person authorized by the Board, after failure of the owner to pay such assessment in accordance with its terms. The sale shall be conducted in accordance with provisions of Sections 2924, 2924(b), 2924 (c) , of the Civil Code of the State of California, or other applicable law, in the manner provided for the exercise of the power of

sale in mortgages and deeds of trust provided therein.

SECTION 27. PARTIAL ENFORCEMENT:

The various rights and remedies of the Association and of owners of lots as herein set out are and shall be cumulative. All of them may be used, relied upon, resorted to, and enforced without in any way affecting the ability of the Association or the lot owners to use, rely upon, reason to or enforce the others, or any of them.

SECTION 28. VARIANCES NOT A WAIVER:

Any variances or adjustments of these conditions and restrictions granted by Homeowners' Association pursuant to Section 9 hereof, or any acquiescence or failure to enforce any violation of the conditions and restrictions herein shall not be deemed to be a waiver of any of the conditions and restrictions in any other instance.

SECTION 29. DISPUTE RESOLUTION:

Other than as provided for herein, including to seek injunctive relief or for actions in the Small Claims division of a Superior Court having jurisdiction regarding amounts of money due hereunder, in the event any dispute arising in any way regarding the interpretation, applicability, enforcement, or otherwise hereof, and whether between or among owners of one or more lots or between or among the Association and one or more lot owners, shall be resolved only by binding arbitration to be held in San Diego, California, under the then rules of the Judicial Arbitration and Mediation Service, or other entity by agreement of the parties, provided that (i) adequate time shall be permitted for discovery as provided by the California Code of Civil Procedure, (ii) the arbitrator(s) shall be free to make an award of costs, including the expenses and fees of counsel, (iii) all decisions of the arbitrator(s) shall not be subject to further review by any court, arbitrator or any other governmental or quasi-governmental body or other entity, and (iv) that any award of the arbitrator(s) may be entered into any court of competent jurisdiction. To seek arbitration hereunder, any lot owner, lot owners or the Association may serve a notice on one or more of the other(s) with which a dispute exists setting forth the issue at dispute and the resolution(s) thereof acceptable to the one(s) serving the notice. The one(s) receiving such notice shall have a period of thirty

(30) calendar days to reach a resolution acceptable to those serving and receiving such a notice and, in the event that no such resolution is achieved, then, at the election of the one(s) first serving such notice, the matter may be referred to arbitration at any subsequent time.

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IN WITNESS WHEREOF, PAUMA VALLEY COUNTRY CLUB ESTATES HOME OWNERS ASSOCIATION NUMBER ONE, has caused its name to be duly signed by its officers thereto duly authorized this 22nd day of NOVEMBER, 2008 .

By: (S) DONALD STRONG
President

By: (S) RONALD SAUNDERS
Secretary

STATE OF CALIFORNIA
COUNTY OF SAN DIEGO

On **November 22, 2008**, before me, Melinda L. Houser, a notary public, personally appeared **Donald Strong** and **Ronald Saunders**, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

Witness my hand and official seal.

(SEAL)

MELINDA L. HOUSER
Notary Public in and for said County and State

This Declaration was recorded on November 25, 2008, in the office of the County Recorder of San Diego County under File No. 2008-0608285

**PAUMA VALLEY COUNTRY CLUB ESTATES
HOMEOWNERS ASSOCIATION NO. 1
BY-LAWS**

ARTICLE 1 • MEMBERSHIP

SECTION 1. ELIGIBILITY:

Only the owners of record of lots in Pauma Valley Country Club Estates, Resubdivision No. 1, a subdivision of San Diego County, Map No. 5758, filed in the office of the County Recorder of San Diego County on July 20, 1966, (the "Map"), as such may have been subdivided or wholly or partially combined since the date of filing of the Map, shall be eligible for membership in this corporation ("this Corporation"). Ownership of such lots is subject to the then applicable Declaration of Conditions, Covenants, and Restrictions of Pauma Valley Country Club Estates Homeowners Association No. 1 recorded in the Official Records of the County of San Diego, California (the "CC&Rs").

SECTION 2. ONE CLASS OF MEMBERS:

This Corporation shall have one class of membership. When a lot is owned of record by more than one real person; whether in joint tenancy, tenancy in common, as community property, in partnership, or similar arrangement, the membership as to the same shall be joint and the right to such membership shall be exercised only by that joint action of all owners of record of such lot. When a lot is owned of record by other than one or more real persons, such entity shall designate a representative for the purpose of voting or holding office in this Corporation, pursuant to law and the articles and by-laws of that entity.

SECTION 3. MEMBERS IN GOOD STANDING:

As provided for herein, the owner(s) of record of any lot, or combination of lots, as such lots are defined in the Map, shall automatically be a member of this Corporation. Such person, persons, or entity (hereinafter "Member") shall be a Member in good standing only for so long as annual dues and any assessments levied by the authority of the board of directors of this Corporation (the "Board") have been paid in accordance with their terms and, in the case of the owner of record being an entity, the entity has designated in writing a representative to exercise on its behalf the privileges under these By-

laws. A Member not in good standing shall not have the privileges of voting or of executing any written consent of members provided for in these By-laws, nor of being a member of the Board of, or holding any office in, this Corporation. .

SECTION 4. VOTING RIGHTS:

Only Members in good standing shall be entitled to voting rights, or executing written consents, in the affairs of this Corporation. Each Member in good standing shall be entitled to one vote for each per-lot assessment made in accordance with Article VI Section 1 hereof.

SECTION 5. PROPERTY RIGHTS:

Membership in this Corporation shall not entitle any Member to any individual interest, participation share or property right in the assets of this Corporation. All properties owned by this Corporation are to be used only for corporate purposes, provided that upon dissolution or winding up of this Corporation, the directors or person in charge of liquidation shall transfer and convey the remaining assets to a fund, foundation or corporation with a tax exempt status under the Internal Revenue Code of the United States as is more expressly defined in the Articles of Incorporation.

SECTION 6. NON-TRANSFERABLE:

The memberships of this Corporation are not transferable or assignable other than as provided herein. Membership of any Member in this Corporation shall lapse and terminate when such Member shall cease to be an owner of record of any property qualifying him for membership under Section 1 of this Article, provided that any Member who sells, transfers or otherwise disposes of any lot, lots or partial lot within the subdivision defined in Section 1 of this Article shall require the purchaser or transferee to become a Member in good standing of this Corporation and, in the event that said purchaser or transferee does not so do, the transferor Member shall continue to be liable for any dues, fees and charges which are otherwise chargeable to the purchaser or transferee.

ARTICLE II • OFFICES

SECTION 1. PRINCIPLE OFFICES:

The principal office for the transaction of business of this Corporation shall be fixed from time to time at a place in San Diego County, State of California, by action of the Board.

ARTICLE III • MEETINGS OF MEMBERS

SECTION 1. PLACE OF MEETINGS:

All annual meetings and all special meetings of Members shall be held at any other place within Pauma Valley, State of California, which may be designated either by the Board pursuant to authority herein granted, or by written consent of all Members entitled to vote thereat given either before or after the meeting and filed with the secretary of this Corporation.

SECTION 2. ANNUAL MEETINGS:

An annual meeting of Members shall be held on a Saturday in May or June of each year at a place, date and hour as determined by the Board. At such meetings, directors shall be elected, reports of the affairs of this Corporation shall be considered, and any other business may be transacted which is within the powers of the Members. Written notice of each annual meeting shall be given to each Member, personally or by mail or other means of written communication, including what is commonly called electronic mail, charges prepaid, addressed to such Member at an address appearing on the books of this Corporation or given by such Member to this Corporation for the purpose of notice. All such notices shall be sent to each Member entitled thereto not less than ten (10) days before each annual meeting and shall specify the place, the day and the hour of such meeting, and such other matters, if any, as may be expressly required by statute.

SECTION 3. SPECIAL MEETINGS:

Special meetings of the Members for any purpose or purposes whatsoever may be called at any time by any director or by one or more Members holding not less than one-third of the voting power of this Corporation. Except in special cases where other express provision is made by statute, notice of such special meetings shall be given in the same manner as for annual meetings of Members. Notices of any

special meeting shall specify in addition to the place, day and hour of such meetings, the general nature of the business to be transacted.

SECTION 4. ADJOURNED MEETINGS:

Any Members' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of Members exercising a majority of the voting power represented in person and by proxy thereat.

SECTION 5. VOTING:

Only Members in good standing whose names appear in the membership record of this Corporation on the day five (5) days prior to any meeting of Members shall be entitled to vote at any Members' meeting. Such vote may be via voice or by ballot; provided, however, that all elections for directors must be by ballot upon demand made by a Member before the voting begins at any election. Cumulative voting for directors shall be allowed as provided in the California Corporations Code.

SECTION 6. QUORUM:

The presence in person or by proxy of Members entitled to exercise at least one-half (50%) of the voting power of this Corporation at any meeting shall constitute a quorum for the transaction of business. The Members present at a duly called or held meeting at which a quorum is initially present may continue to transact business until adjournment of that meeting, notwithstanding the withdrawal of enough Members to leave less than a quorum.

SECTION 7. CONSENT OF ABSENTEES:

The transactions of any meeting of Members, either annual or special, however called and noticed or wherever held, shall be as valid as though at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the Members entitled to vote, not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records.

SECTION 8. ACTION WITHOUT MEETING:

Any action which under any provision of the California General Nonprofit Corporation Law may be taken at a meeting of the Members,

except approval of an agreement for merger or consolidation of this Corporation with other corporations, may be taken without a meeting if authorized by all of the Members who would be entitled to vote upon such action at a meeting, at the election of the Board either by (i) a writing signed by all such entitled Members, or (ii) a vote of such entitled Members by a mail-in ballot conducted in accordance with California Corporation Code Section 7513, as amended or replaced, and such authorization is filed with the corporate records.

SECTION 9. PROXIES:

Every Member entitled to vote or execute consents shall have the right to do so either in person or by one or more agents authorized by a written proxy executed by such Member and filed with the secretary of this Corporation; provided that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution, unless the Member executing it specifies therein the legal length of time for which such proxy is to continue in force.

ARTICLE IV • DIRECTORS

SECTION 1. POWERS:

Subject to limitations of the Articles of Incorporation, of the By-laws, and of the California General Nonprofit Corporation Law as to action which shall be authorized or approved by the members, and subject to the duties of directors as prescribed by the By-laws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporations shall be controlled by, the board of directors. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the directors shall have the following powers, to wit:

First --- to select and remove all the other officers, agents and employees of the corporation, prescribe such powers and duties for them as may not be inconsistent with law, with the Articles of Incorporation, or the By-laws, fix their compensation, and require from them security for faithful services.

Second --- to conduct, manage and control the affairs and business of the corporation, and to make such rules and regulations therefore not inconsistent with law, or with the

Articles of Incorporation or the By-laws, as they may deem best, including, but not limited to, all acts necessary to enforce any restriction, condition, covenant, charge or agreement or to provide any maintenance or other service set forth in that Declaration of Conditions, Covenants, Restrictions and Easement of Pauma Valley Country Club Estates, Unit No. 1, recorded as document No. 146665, Official Records of San Diego County, California, on September 18, 1966.

Third --- to change the principal office for the transaction of the business of the corporation from one location to another, to fix and locate from time to time one or more subsidiary offices of the corporation within or without the State of California, and to adopt, make and use a corporate seal, and to prescribe the forms of certificates of memberships, and to alter the form of such seal and of such certificates from time to time, as in their judgment they may deem best, provided such seal and such certificates shall at all times comply with the provisions of law.

Fourth --- to borrow money and incur indebtedness for the purposes of the corporation, and to cause to be executed and delivered thereof, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities therefore.

Fifth --- to appoint an executive committee and other committees, and to delegate to the executive committee any of the powers and authority of the board in the management of the business and affairs of the corporation, except the power to adopt, amend or repeal by-laws. The executive committee shall be composed of two or more directors.

SECTION 2. NUMBER AND QUALIFICATION OF DIRECTORS:

The authorized number of directors of the corporation shall be five (5) until changed by amendment of these By-laws. Nothing herein contained shall be construed to preclude any director from serving the corporation as an officer.

SECTION 3. ELECTION AND TERM OF OFFICE:

The directors shall be elected at each annual meeting of members, 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 members held for that purpose. All directors shall hold office until their respective successors are elected.

SECTION 4. VACANCIES:

Vacancies in the board of directors may be filled by a majority of the remaining directors, although 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 special meeting of the members. A vacancy or vacancies in the board of directors shall be deemed to exist in the case of 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 members at which any director or directors are elected the full authorized number of directors to be voted for at that 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 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.

SECTION 5. PLACE OF MEETING:

Regular meetings of the board of directors shall be held at any place within the State which has been designated from time to time by resolution of the board or by written consent of all members of the board. In the absence of such designation, regular meeting shall be held at the principal office of the corporation. Special meetings of the board may be held either at a place so designated or at the principal office.

SECTION 6. ORGANIZATION MEETING:

Immediately following each annual meeting of members, the board of directors shall hold a regular meeting for the purposes of organization, election of officers, and the transaction of other business. Notice of such meeting is hereby dispensed with.

SECTION 7. OTHER REGULAR MEETINGS:

Other regular meetings of the Board shall be held, not less than quarterly in the months of January, April, July and October each year, at a place, date and hour as determined by the Board. Written notice of the time and place of regular meetings shall be delivered to each director (i) personally, or (ii) by direct telephone communication, excluding what is commonly known as voicemail or any other message service, or (iii) sent by US Postal Service, or what is commonly known as electronic mail, or similar electronic delivery, charges prepaid, addressed to such address of the director as is shown upon the records of the corporation. In case such notice is mailed or electronically mailed it shall be sent at least ten (10) days prior to the time of the holding of the meeting. In case such notice is delivered personally or by direct telephone communication, as above, it shall be so delivered at least five (5) days prior to the time of the holding of the meeting. Such delivery as above provided shall be due, legal and personal notice to such director..

SECTION 8. SPECIAL MEETINGS:

Special meetings of the board of directors for any purpose or purposes shall be called at any time by the president, or if he is absent or unable or refuses to act, by any vice president or by any two directors. Written notice of the time and place of special meetings shall be delivered personally to each director, or sent to each director by mail or by other form of written communication, charges prepaid, addressed to him at his address as it is shown upon the records of the corporation. In case such notice is mailed or telegraphed, it shall be deposited in the United States mail or delivered to the telegraph company in the place in which the principal office of the corporation is located at least forty-eight (48) hours prior to the time of the holding of the meeting. In case such notice is delivered as above provided, it shall be so delivered at least twenty-four (24) hours prior to the time of the holding of the meeting. Such mailing, telegraphing or delivery as above provided shall be due, legal and personal notice to such director.

SECTION 9. NOTICE OF ADJOURNMENT:

Notice of time and place of holding an adjourned meeting need not be given to absent directors if the time and place be fixed at the meeting adjourned.

SECTION 10. WAIVER OF NOTICE:

The transactions of any meeting of the board of directors, however called and noticed or wherever held, shall be 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 a consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

SECTION 11. QUORUM:

A majority of authorized number of directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the board of directors, unless a greater number be required by law or by the articles of incorporation.

SECTION 12. ADJOURNMENT:

A quorum of the directors may adjourn any directors' meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the directors present at any directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the board.

SECTION 13. FEES AND COMPENSATION:

No director or officer shall receive any salary or any fee of any kind, but each shall be entitled to reimbursement of reasonable expenses directly and solely occurred in the interests of the corporation

SECTION 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS:

Each director and officer, whether or not then in office, shall be indemnified by the corporation against all liabilities, costs and expenses reasonably incurred by or imposed upon him in connection with or arising out of any action, suit or proceeding in which he may be involved or to which he may be made party by reason of his being or having been a director or officer of the corporation, such expenses to include the cost of reasonable settlements (other than amounts paid to the corporation itself) made with a view to curtailment of costs of

litigation. The corporation shall not, however, indemnify such director or officer with respect to matters as to which he shall be finally adjudged in any such action, suit or proceeding, to have been derelict in the performance of his duty as such director or officer, nor in respect of any matter on which any settlement or compromise is effected, if the total expense, including the cost of such settlement, shall substantially exceed the expense which might reasonably be incurred by such director or officer in conducting such litigation to a final conclusion; and in o event shall anything herein contained be so construed as to authorize the corporation to indemnify any such director or officer against any liability or expense by reason of willful malfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office. The foregoing right of indemnification shall not be exclusive of other rights to which any director or officer may be entitled as a matter of law.

ARTICLE V • OFFICERS

SECTION 1. OFFICERS:

The officers of this Corporation shall be a president, a vice president, a secretary and a treasurer. This Corporation may also have, at the discretion of the Board, 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. One person may hold two or more offices, except those of president and secretary.

SECTION 2. ELECTION:

The officers of this Corporation, 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, and each shall hold office until the earlier of the death, resignation or removal of the officer or the election of a successor..

SECTION 3. SUBORDINATE OFFICERS, ETC.:

The Board may appoint such other officers as the business of this Corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these By-laws or as the Board may from time to time determine.

SECTION 4. REMOVAL AND RESIGNATION:

Any officer may be removed, either with or without cause, by vote of a simple majority of the directors at the time in office, at any regular or special meeting of the Board. Any officer may resign at any time by giving written notice to the Board the president, or the secretary of this Corporation. 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.

SECTION 5. VACANCIES:

A vacancy in office because of death, resignation, removal, disqualification or any other cause may be filled by vote of a simple majority of the directors at the time in office.

SECTION 6. PRESIDENT:

The president shall be the chief executive officer of this Corporation and shall, subject to the control of the Board, have general supervision, direction and control of the business and officers of this Corporation. He shall preside at all meetings of the Members and at all meetings of the Board. He shall be ex-officio a member of all committees, including the executive committee, if any, 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 these By-laws.

SECTION 7. VICE PRESIDENT:

In the absence or disability of the president, the vice president, or if there be more than one vice-president the vice-president present first in order of rank as fixed 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 to perform such other duties as from time to time may be prescribed by the Board or these By-laws.

SECTION 8. SECRETARY:

The secretary shall keep, or cause to be kept, a record of minutes at such place as the Board may order, of all meetings of directors and Members, 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 Members present and the voting power represented at Members' meetings and the proceedings thereof. The secretary shall keep, or cause to be kept, at such place as the Board may order, a membership record containing the names and address of each Member. Termination of any membership shall be recorded in the record, together with the date on which the membership ceased. The secretary shall give, or cause to be given, notice of all meetings of the Members and of the Board required to be given by these By-laws or by law, shall keep the seal of this Corporation in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board or these By-laws.

SECTION 9. 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 this Corporation, including accounts of its assets, liabilities, receipts, disbursements, and losses. The books of account shall at all reasonable time be open to inspection by any director. The treasurer shall (i) deposit all monies and other valuables in the name and to the credit of this Corporation with such depositories as may be designated by the Board, (ii) disburse the funds of this Corporation as may be ordered by the Board, (iii) render to the president and directors, whenever they request it, an account of all transactions as treasurer and of the financial condition of this Corporation, and (iv) have such other powers and perform such other duties as may be prescribed by the Board or these By-laws.

ARTICLE VI • ANNUAL DUES

SECTION 1. DUES LEVIED ON EACH MEMBER:

The Board shall have the power to determine, levy and assess annual dues payable to this Corporation by the Members. Other than as provided for in the CC&Rs, each Member shall pay an equal per-lot assessment for each lot set forth in the Map for which the Member is the owner of record as of the date of the assessment, whether or not such lot is then improved, provided however that a Member owning a single-family residence built on a combination of adjoining lots, whether such combination is described by one or more Assessor Parcel Numbers, shall be assessed only one per-lot assessment for so long as the combination of lots is used for only one single-family residence. For

the purposes hereof, the Board shall have the power to determine whether a combination of lots is used for only one single-family residence and whether any buildings and structures on a lot or lots constitute a single-family residence. The Board shall have the power to fix the amount of said dues, provided that the amount of dues may be changed at any time by the vote or written assent of the Members entitled to exercise a majority of the voting power of this Corporation, or by a vote of a majority of a quorum present whether at an annual meeting of Members or at a special meeting duly called for the purpose of setting dues.

SECTION 2. PAYMENT OF DUES:

Annual dues levied pursuant to Section 1 of this article shall be payable in advance on the first day of February each year. Annual dues shall be levied whether or not the Member is a Member in good standing. The annual dues of a new Member shall be prorated from the first day of the month in which such person becomes a Member. This Corporation shall be exempt from any payment of annual dues or assessments even though it may own a lot or portions of lots within the property described in Article I, Section 1. This Corporation may enforce payment of dues by any legal action against the Member or by an action against the Member's property as set forth in the CC&Rs. In cases where two or more Members are record owners of a single lot or lots, they shall be jointly and severally liable for the amount of the dues.

SECTION 3. ASSESSMENTS:

This Corporation may levy assessments if the Board determines that the annual dues levied pursuant to this Article are, or will be during any fiscal year, insufficient to cover the expense of activities of this Corporation, which shall be assessed on Members as set forth in Section 1 of this Article, for monetary penalty assessments set forth in the CC&Rs, and for other purposes, all in the manner and for any or all of the purposes set forth in the CC&Rs. Payment of said assessments shall be enforced under the terms of the CC&Rs whether or not the owner of any lot subject to such assessment is a Member in good standing of this Corporation.

SECTION 4. FISCAL YEAR:

The fiscal year of this Corporation shall be the calendar year, unless otherwise determined by the Board.

ARTICLE VII • MISCELLANEOUS

SECTION 1. RECORD DATE AND CLOSING THE MEMBERSHIP BOOKS:

The Board may fix a time in the future as a record date for the determination of the Members entitled to notice of and to vote at any meeting of Members or entitled to exercise any right. The record date so fixed shall not be more than thirty (30) days prior to the date of the meeting or event for the purposes of which it is fixed. When a record date is so fixed, only Members of record of that date are entitled to notice of and, if then in good standing, to vote, at the meeting.

SECTION 2. INSPECTION OF CORPORATE RECORDS:

The membership record or duplicate membership record, the books of accounts, and minutes of proceedings of the Members and the Board, and of committees of the Board shall be open to inspection upon the written demand of any Member, at any reasonable time, for a purpose reasonable related to his interests as a Member, and shall be exhibited at any time when required by the demand of ten per cent (10%) of the voting power represented at any Members' meeting. Such inspection may be made in person or by an agent or attorney, and shall include the right to make extracts and copies. Demand of inspection other than at a Members' meeting shall be made in writing upon the president or secretary of this Corporation.

SECTION 3. 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 this Corporation, 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.

SECTION 4. ANNUAL REPORT:

The Board of this Corporation shall cause an annual report including financial statements to be mailed to Members not later than one hundred and twenty (120) days after the close of the fiscal or calendar year.

SECTION 5. CONTRACTS, ETC., HOW EXECUTED:

The Board, except as these By-laws otherwise provide, 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 this

Corporation, and such authority may be general or confined to specific instances; and unless so authorized by the Board, no officer, agent or employee shall have any power to bind this Corporation by any contract or engagement or to pledge its credit to render it liable for any purpose or to any amount.

SECTION 6. MEMBERSHIP CERTIFICATES:

Certificates of membership, if any be adopted, shall be of such form and device as the Board may elect and, when used, each certificate shall be signed by the secretary and bear or express on its face (i) its number, (ii) its date of issuance, (iii) the name of the Member to whom it is issued, (iv) the corporate seal of this Corporation, if there be one, and (v) a statement printed in clear type to the effect that this Corporation is not one for profit.

SECTION 7. INSPECTION OF BY-LAWS:

This Corporation shall provide by mail a copy of these By-laws and the CC&Rs, both as amended and otherwise altered to date and certified by the secretary, upon reasonable request of any Member or a person or entity who is reasonably a prospective member.

ARTICLE VIII • AMENDMENTS

SECTION 1. POWER OF MEMBERS:

New by-laws may be adopted or these by-laws may be amended or repealed by the vote of members entitled to exercise at least seventy-five percent (75%) of the voting power of the corporation or by the written assent of such members, except as otherwise provided by law or by the articles of incorporation.

SECTION 2. POWER OF DIRECTORS:

Subject to the right of members as provided in Section 1 of this Article VIII to adopt, amend or real by-laws, by-laws other than Articles IV and VIII may be adopted, amended or repealed by the board of directors.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that: (1) I am the duly elected and acting secretary of PAUMA VALLEY COUNTRY CLUB ESTATES HOMEOWNERS' ASSOCIATION NUMBER ONE, and (2) the foregoing By-laws, comprising eleven (11) pages, including this page, constitute the By-laws of said corporation as duly adopted at the meeting of the board of directors of said corporation duly held on the Fifteenth day of April, 2009.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said corporation this Fifteenth day of April, 2009.

By: (S) RONALD SAUNDERS
Secretary