

March 1987

BY-LAWS
BRIGHTON SQUARE IMPROVEMENT ASSOCIATION

ARTICLE I. Corporate Powers: The corporate powers of this corporation shall be vested in a Board of Directors, subject to such powers as are granted to the members. Three (3) directors shall constitute a quorum for the transaction of business and no act of the Board shall be valid unless three (3) of the members shall concur.

ARTICLE II. Election of Directors/Officers: Five (5) directors shall be elected annually at the annual meeting of the membership by a majority vote of members in good standing who are present or voting by mail. This meeting shall be held in the month of September, on such date as shall be set by the Board of Directors, and at least ten (10) days written notice thereof shall be given by the Secretary to all members. Each director shall hold office for one year or until the election of a successor whichever is later. The term of office shall run from January 1 to December 31 of each year. However, all newly elected Directors shall serve in an advisory, non-voting capacity from October 1 to December 31, for the purpose of becoming acquainted with the business of the corporation and of consulting with the outgoing directors on the adoption of the next year's budget. The five newly elected directors shall be specifically elected for and assume the offices of President, Vice President, Secretary, Treasurer, and Operations Officer.

Section A. Mailed Ballots: Where in the opinion of the Board of Directors a more adequate and full representation of the membership could be accomplished through mailed written ballots, this may be authorized by the directors.

Section B. Voting For Directors: Each member shall have five (5) votes, one vote for each of President, Vice President, Secretary, Treasurer, and Operations Officer. The person receiving the highest number of votes in each category shall be elected to that office.

Section C. Resignation of Board Member: In the event of resignation of any board member, the Board of Directors shall appoint a temporary replacement from the general membership who will fill the vacant position until a membership meeting is held at which time a replacement can be elected by the membership, or until the next annual meeting, as determined by the Board of Directors.

Section D. Active Member Requirement: Each director shall be an active member of the corporation in good standing.

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ARTICLE III. Powers of the Board of Directors: The Board of Directors shall have the power to:

Section A. Exercise control of and manage the affairs of the corporation including the management of the real property owned by it, the adoption of rules and regulations for its use for the benefit of all of the membership, and the levy and assessment of appropriate charges, assessments and fees, to insure the proper care, maintenance and financial protection of the corporation and its property as well as the members of the association.

Section B. To set the annual assessments ("dues") for all members.

Section C. Call special meetings of the membership when it deems such meeting necessary. The Board of Directors shall be obliged to call a meeting of the membership at any time a written request signed by twenty-five (25) members in good standing shall be presented to it.

Section D. Appoint and remove at its pleasure all agents and employees of the corporation, prescribe their duties, fix their compensation and require from them security for faithful service when in its opinion such security is desirable, and to make contracts with its agents and employees for the terms and conditions of their service and their compensation. No member of this Association or their immediate family may be so employed.

Section E. Where deemed necessary, to incur indebtedness. No such indebtedness, however, shall be a lien or encumbrance upon any of the property owned by the members of the corporation.

Section F. To represent the membership of the corporation in any matters pertinent to the interests of the corporation and its membership in addition to the operation of the pool.

ARTICLE IV. Duties of Directors: It shall be the duty of the Board of Directors:

Section A. To meet at least twice a year. one of these meetings to precede the annual meeting, and on such other occasions as the Board shall deem necessary. At least forty eight (48) hours notice to the members of the Board of Directors shall be required prior to all meetings. The President or any two (2) directors may call a special meeting of the Board of Directors at any time deemed necessary, and upon the written request of same, the Secretary must proceed to send notice of such a meeting, or if the Secretary refuses to do so, the persons properly requesting such a meeting may send such notice.

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Section B. To keep a complete record of all minutes and actions of the proceedings of any meeting of the membership and of the Board of Directors and to present a full or summarized statement of such action at the annual meeting.

Section C. To present a financial statement to the membership at least two weeks prior to the annual meeting, setting forth a statement of assets and liabilities, incomes and expenditures for the year preceding such statement, and reserves.

Section D. To prepare and present to the membership at least two weeks prior to the annual meeting a proposed budget for the coming calendar year. Said budget shall provide for the maintenance of adequate reserves for depreciation and deferred maintenance of the pool facilities, and shall contain proposed annual dues rates for the upcoming year.

Section E. To consult with incoming elected Board members in October of each year in regard to the proposed budget and any member comments or suggestions, and thereafter to adopt the budget for the following year no later than December 15 of each year. The Board shall distribute copies of the final pro forma budget to the members. If required by law (or at the Board's discretion if not legally required), such distribution shall take place between November 1 and November 15 of each year (or if the corporation's fiscal year changes from a calendar year, no more than 60 nor less than 45 days prior to the beginning of the fiscal year).

Section F. Not to exceed the adopted budget except in cases of emergencies or for the maintenance of safety. In the event that it is required in any one year to expend unbudgeted funds for which reserves have not be set aside, then the budget and dues for the following year shall be set at a rate which will restore the corporation's reserves.

Section G. To supervise all officers, agents, and employees and to insure that their duties are properly performed.

Section H. To issue certificates of membership to members of the association.

Section I. To adopt a reasonable and fair schedule of penalties, fines or assessments in order to enforce its rules and regulations for the use of corporate premises, either by a member or his tenants.

Section J. To distribute to the members within the last 60 days of each fiscal year a statement describing the corporation's policies and practices in enforcing lien rights or other legal remedies for default in payment of assessments against its members, so long as such statement shall be required by law.

Section K. To take all necessary steps and precautions to assure that the membership of the association enjoy the benefits of such membership and the full use of the property owned by the corporation without any concurrent liability or obligation in the event of accident or injury.

ARTICLE V. Officers: The officers shall be President, Vice President, Secretary, Treasurer, and Operations Officer. None of the officers shall be compensated for their services. The Board of Directors may employ a manager for property owned by Brighton Square Improvement Association and said Board shall set the salary for such an employee.

ARTICLE VI. President: The President shall:

Section A. Preside over all meetings of the membership and Board of Directors.

Section B. Sign as President all certificates of membership and all contracts and other instruments in writing which have been first approved by the Board of Directors, and direct checks to be issued by the Treasurer.

Section C. Call the directors together whenever he deems it necessary. and have, subject to the advice of the Directors, direction of the affairs of the corporation, and generally shall discharge such other duties as may be required of him by the By-Laws of the corporation.

ARTICLE VII. Vice-President: In the event of the absence of the President, or his inability to act, the Vice-President shall act as President.

ARTICLE VIII. Secretary: It shall be the duty of the Secretary:

Section A. To keep a record of the proceedings of the Board of Directors and of any meeting of the membership.

Section B. To keep the Corporate Seal of the Corporation and the book of Certificates of Membership. make the proper entries in the margin of each book of issuance and to affix the Corporate Seal to all papers requiring same.

Section C. To maintain the records and books of the Corporation.

Section D. To serve or publish and circulate such notices as may be necessary and proper to the membership.

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ARTICLE IX. Treasurer: It shall be the duties of the Treasurer:

Section A. To receive and safely keep all the funds of the Corporation and pay them out on checks as authorized and directed by the President or Board of Directors.

Section B. To maintain accurate and adequate records of the receipts and disbursements of all the Corporation's funds and give financial reports to the Board of Directors and the membership as required.

Section C. To provide to any member, within 10 days of the mailing or delivery of a written request, a copy of the governing documents of the corporation, the most recent approved budget, and a statement of all assessments which are unpaid as of the date of the statement, including all late charges, interest, and costs of collection which are or may be made a lien on the member's property, provided that the member pays the reasonable charge for the preparation and reproduction of said documents and statements.

ARTICLE X. Operations Officer: The Operations Officer shall supervise the operation of the pool in accordance with the rules as set forth by the Board of Directors.

ARTICLE XI. Books and Records: Books, files, correspondence and records which make up the permanent files of the corporation shall be subject to inspection by the Board of Directors and by any members at any reasonable time.

ARTICLE XII. Certificates of Membership: Certificates of membership shall be of such form and device as the Board of Directors may select. Each shall be signed by the President and Secretary and state on its face its number, date of issuance, and the person(s) to whom it is issued, and shall bear the corporate seal. Each shall contain a statement printed in clear type that the corporation is not one for profit. The certificate book shall contain a margin on which shall be entered the number, date and the name of the person holding each corresponding certificate.

ARTICLE XIII. Membership: Every purchaser of any of the below described lots shall be deemed a member of this association upon purchase. Where more than one person is the owner of any lot within the subdivision affecting this Association, only one membership certificate shall be issued for each lot, which shall reflect the names of all owners of such lot.

Section A. Transfer of Membership: All members of the corporation shall remain members during all of such times as each retains beneficial ownership in any lot located in Brighton

square units 1, 2, and 3 subdivision of the City of San Jose, State of California. Upon sale of any such lot, a member shall be obliged to transfer ownership of his/her membership in this corporation. or upon failure to transfer for a period of fifteen (15) days he shall be deemed to have transferred and relinquished all membership rights to the new owner.

Section B. Voting: A member in good standing shall be a member who has paid in full all assessments, penalties, and fees due and owing to the Association. Only members in good standing shall be entitled to vote in matters relating to the corporation. Only members in good standing may be counted at any meeting to make up a quorum, where necessary.

ARTICLE XIV. Membership Fees: The Board of Directors may adopt a reasonable new membership fee for new members. A schedule of such fees shall be adopted by the Board of Directors. Transfer fees shall not exceed the reasonable cost to prepare a statement of due and unpaid assessments and its cost of changing its records, unless other and further fees shall be allowed by law.

ARTICLE XV. Membership Meetings: The annual meeting of the members shall take place on the date set by the Board pursuant to Article II.

Section A. Special Membership Meetings: The Board of Directors shall be obliged to call a meeting of the membership at and time a written request signed by twenty-five (25) members in good standing shall be presented to it. The President or the Board of Directors may also call a special meeting of the members whenever he or they may deem it expedient. Such meetings should be called and noticed in writing by the Secretary no sooner than ten (10) days and no later than twenty (20) days after receipt of petition calling for such a meeting, except that if the Board of Directors determines that a bona fide emergency exists, then five (5) days notice of such meeting shall be given to the membership.

Section B. Quorum: One-third of the members of the corporation shall constitute a quorum for the transaction of business at the annual meeting, and at any special meeting of the members, except as provided in this subparagraph. In the event that a properly called and noticed meeting of the members, annual or special, is held at which a quorum is not present, then upon the majority vote of those present, a new meeting shall be scheduled at that meeting, at which a quorum shall be twenty percent (20%) of the members. If no such quorum is present at such an adjourned meeting, then by majority vote at the adjourned meeting, a new meeting may be scheduled, at which a quorum shall be ten percent (10%) of the members. Written notice of any such adjourned meeting, not less than ten (10) nor more than twenty (20) days prior to said meeting, shall be given to all members by

the Secretary. If the specified diminished quorum is present at an adjourned meeting, all actions which could have been taken by the members at the original meeting can be taken by vote of the diminished quorum.

ARTICLE XVI. Seal: The association shall have a common seal. consisting of a circle having on its circumference and face the words "BRIGHTON SQUARE IMPROVEMENT ASSOCIATION, Incorporated, September 23. 1964".

ARTICLE XVII. Amendments: These By-laws may be altered or amended at any meeting of the membership at which a quorum is present (as defined in Article XV, Section B) by a vote of two-thirds of the members present and entitled to vote, provided however, that notice shall have been given to the membership at least ten (10) days in advance of such meeting of the general nature of the proposed amendments or alterations to the By-Laws.

Any amendment to these By-Laws shall be submitted to the Department of Housing and Urban development or successor agency for its advice and consent. Such submission shall be made to the Federal Housing Administration not later than thirty (30) days after the meeting in which the proposed amendment is voted on.

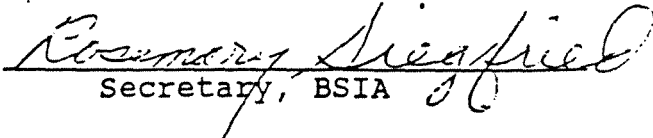
Amendments which are not approved by the Department at the time the membership votes on them shall take effect immediately, pending approval, but shall become null and void should the Department disapprove in writing.

These By-Laws shall be in effect immediately upon acceptance by the membership of the association at which time the previous By-Laws will become null and void.

THIS IS TO CERTIFY:

That I am the duly elected, qualified and acting Secretary of BRIGHTON SQUARE IMPROVEMENT ASSOCIATION, a California corporation, and that the above and foregoing By-Laws were adopted as the By-Laws of the said corporation on the 23rd day of May, 1988, by a two thirds vote of a quorum of the members of said corporation.

IN WITNESS WHEREOF. I have hereunto set my hand this 27th day of May, 1988.


Secretary, BSIA