



State  
of  
California  
OFFICE OF THE SECRETARY OF STATE

I, *MARCH FONG EU*, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the record on file in this office, of which it purports to be a copy, and that same is full, true and correct.

IN WITNESS WHEREOF, I execute  
this certificate and affix the Great  
Seal of the State of California this

NOV - 4 1983



*March Fong Eu*

Secretary of State

105547  
121547

**ENDORSED  
FILED**

In the office of the Secretary of State  
of the State of California

**NOV - 4 1983**

MARCH FONG EU, Secretary of State  
Carmelle M. Guy  
Deputy

ARTICLES OF INCORPORATION

OF

DEL MAR HIGHLANDS NEIGHBORHOOD HOMEOWNERS' ASSOCIATION

ARTICLE I

NAME

The name of this corporation (hereinafter called the "Association") is DEL MAR HIGHLANDS NEIGHBORHOOD HOMEOWNERS' ASSOCIATION.

ARTICLE II

PRINCIPAL OFFICE

The County in the State of California where the principal office for the transaction of the business of this Association is to be located is the County of San Diego.

ARTICLE III

PURPOSES

The specific and primary purposes for which this Association is organized are to manage, maintain, protect, preserve and improve certain common areas.

This corporation is a nonprofit mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Law. The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under such law; provided, however, that this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purposes of this corporation.

ARTICLE IV

MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Subdivision Interest which is subject by covenants of record to assessment by the Association, including contract buyers, shall be a member of the Association. The foregoing is not intended to include person or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Subdivision Interest which is subject to assessment by the Association.

ARTICLE V

VOTING RIGHTS

This Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners of a Subdivision Interest with the exception of the Declarant, and shall be entitled to one vote for each Subdivision Interest owned. When more than one person holds an interest in any Subdivision Interest, all such persons shall be members. The vote for such Subdivision Interest shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Subdivision Interest.

Class B. The Class B members shall be the Declarant (as defined in the Declaration), and shall be entitled to three (3) votes for each Subdivision Interest owned. The Class B membership shall forever cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

- (a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership;
- (b) on a date two (2) years from the anniversary of the original issuance of the most-recently issued Subdivision Public Report for a phase of the overall Project;
- (c) on a date four (4) years from the anniversary date of the original issuance of the Subdivision Public Report for the first phase of the overall Project; or

ARTICLE VI

BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of five (5) Directors, who need not be members of the Association.

At the first annual meeting of members, the members shall elect five (5) Directors as follows: three (3) Directors for a term of one year and two (2) Directors for a term of two years; and at each annual meeting thereafter, the members shall elect the appropriate number (3 or 2) Directors for a term of two (2) years.

## ARTICLE VII

### DISSOLUTION OR TRANSFER OF ASSETS

So long as there is any lot, parcel, area, apartment or unit for which this Association is obligated to provide management, maintenance, preservation or control, then, without the approval of one hundred percent (100%) of the members, this Association or any person acting on its behalf shall not transfer all or substantially all of its assets or file a certificate of dissolution.

Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be distributed to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such distribution is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

## ARTICLE VIII

### AMENDMENTS

Except as otherwise provided herein, amendments to these Articles of Incorporation shall require (i) the consent (by vote or written consent) of members representing fifty-one percent (51%) or more of the voting power of each class of members and (ii) the affirmative vote of fifty-one percent (51%) of the Directors or the written consent of all the Directors; provided, however, in the event the Class B membership has been converted to Class A membership, then (i) fifty-one percent (51%) or more of the total voting power of the Association comprised of at least fifty-one percent (51%) of the votes of Members other than Declarant and (ii) the affirmative vote of fifty-one percent (51%) of the Directors or the written consent of all the Directors shall be necessary to amend these Articles of Incorporation.

Notwithstanding the foregoing, no material amendment to these Articles of Incorporation shall be made without (i) the approval of at least fifty-one percent (51%) of the Eligible Mortgage Holders and (ii) the consent (by vote or written consent) of Members representing sixty-seven percent (67%) or more of the voting power of each class of Members of the Association, unless Class B Membership has been converted to Class A Membership, in which event, the consent of sixty-seven percent (67%) of the total voting power of the Association comprised of at least sixty-seven percent (67%) of the votes of Members other than Declarant. The term "material amendment" as used herein shall be defined to mean additions or amendments to provisions of these Articles of Incorporation which

establish, provide for, govern or regulate any of the following: (a) voting; (b) assessments, assessment liens, or subordination of such liens; (c) reserves for maintenance, repair and replacement of Common Areas; (d) insurance or fidelity bonds; (e) rights to use of the Common Areas; (f) responsibility for maintenance and repair of the several portions of the Project; (g) expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Project; (h) boundaries of any Subdivision Interest; (i) the interests in the Common Areas; (j) convertibility of Subdivision Interests into Common Areas or of Common Areas into Subdivision Interests; (k) leasing of Subdivision Interests; (l) imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey his or her Subdivision Interest; or (m) any provisions which are for the express benefit of Mortgage holders, Eligible Mortgage Holders or Eligible Insurers or Guarantors of first Mortgages on any Subdivision Interest. An addition or amendment to these Articles of Incorporation shall not be considered material if it is for the purpose of correcting technical errors or for clarification only. Any Eligible Mortgage Holder who receives a written request to approve additions or amendments who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

Notwithstanding the above or any other section of these Articles of Incorporation, the percentage of the voting power of the Association or of members other than the Declarant necessary to amend a specific clause or provision herein shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

#### ARTICLE IX

##### AGENT FOR SERVICE OF PROCESS

The name and address in the State of California of this corporation's initial agent for service of process is:

The Prentice-Hall Corporation Systems, Inc.


#### ARTICLE X

##### DEFINITIONS

- A. "Eligible Insurer or Guarantor" as used herein shall mean and refer to an insurer or governmental guarantor of a first Mortgage on a Subdivision Interest who has requested notice of certain matters from the Association.

B. "Eligible Mortgage Holder" as used herein shall mean and refer to a holder of a first Mortgage on a Subdivision Interest who has requested notice of certain matters from the Association.

Dated: November 3, 1983.

  
Barbara L. Bail, Incorporator

I hereby declare that I am the person who executed the foregoing Articles of Incorporation, which execution is my act and deed.

  
Barbara L. Bail