

BYLAWS
OF
LONE PINE HOMEOWNERS ASSOCIATION

ARTICLE I
NAME AND LOCATION

The name of the corporation is LONE PINE HOME OWNERS ASSOCIATION, hereinafter referred to as the "Association". The principal office of the association shall be located in Orange County, California. Meetings of members and directors shall be held within the Development or as close thereto as practicable.

ARTICLE II
DEFINITIONS

Section 2.01. The definition contained in the LONE PINE VILLAS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS are incorporated by reference herein.

Section 2.02. "Declaration" shall mean and refer to the LONE PINE VILLAS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS applicable to certain property as recorded on the 10th day of May, 1978, in Book 431, page(s) 29&30, Official Records, Orange County.

ARTICLE III

MEETING OF MEMBERS AND VOTING

Section 3.01. ANNUAL MEETING. The first annual meeting ⁽⁷⁻²³⁻⁷⁹⁾ of the members shall be held within forty-five (45) days after the ⁽⁷⁻²⁰⁻⁷⁹⁾ closing, ⁽⁶⁻⁵⁻⁷⁹⁾ of the sale of the fifth (5th) Lot of the Development and not later than six (6) months after the close of escrow on the sale of the first Lot in the Development, whichever occurs earlier. The next annual ^(MAR. 31) meeting shall be set by the Board so as to occur no later than ⁽³⁻²⁰⁾ ninety (90) days after the close of the Association's fiscal year. Subsequent regular annual meetings of the members shall be held within thirty (30) days of the same day of the same month of each year thereafter, at the hour of 7:00 p.m. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 3.02. SPECIAL MEETINGS. Pursuant to ^{(2792.17(c))}, Special Meetings may be called by a majority of a quorum of the governing body, or twenty five percent (25%) of the total membership of both Class-A and Class-B membership, or upon the request of the members who are entitled to vote fifteen percent (15%) ^(5 MEMBERS) of all of the votes of the Class A membership, other than the subdividers.

Section 3.03. NOTICE AND PLACE OF MEETINGS. Written notice of each meeting of the members shall be given by, or

at the direction of, the secretary or person authorized to call the meeting, by personal delivery or mailing a copy of such notice, postage prepaid, at least ten (10) but not more than thirty (30) days before such meeting to each lender requesting notice and to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. Meetings shall be held within the development or at a meeting place within the same county, as close to the development as possible. Institutional lenders may designate in writing a representative to attend all meetings.

Section 3.04. QUORUM. The presence either in person or by proxy, at any meeting, of members entitled to cast at least fifty-one percent (51%) of the votes of each class of membership, shall constitute a quorum^(17 MEMBERS) for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, a majority of members entitled to vote thereat shall have power to adjourn the meeting to a date not less than five (5) days and not more than thirty (30) days later, without notice other

announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 3.05. PROXIES. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot, or upon receipt of notice by the secretary of the Board of the death or judicially declared incompetence of such member.

Section 3.06. VOTING. Each Lot shall have one vote, in accordance with Article VI of the Articles of Incorporation of the Association.

ARTICLE IV

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 4.01. NUMBER. The affairs of this Association shall be managed by a Board of three (3) directors, who need not be members of the Association, until conversion of Class B membership to Class A, after which time all directors must be members of the Association.

Section 4.02. TERM OF OFFICE. At the first meeting of the Association, the members shall elect three (3) directors for a term of one(1) year, and at each annual meeting

thereafter the members shall elect three (3) directors for a term of one (1) year.

Section 4.03. REMOVAL. Unless the entire Board is removed from office by the vote of Association members, an individual director shall not be removed prior to the expiration of his term of office if the number of votes cast against his removal is greater than ^(8/4) the quotient arrived at by dividing the total number of votes that may ⁽²³⁾ be cast under cumulative voting procedures by a divider equal to 1 plus the authorized number of Directors. A ⁽¹⁾ governing body member who has been elected to office solely by the votes of members of the Association other than the Declarant may be removed from office prior to the expiration of his term of office only by the vote of at least a simple majority ⁽¹⁷⁾ of the voting power residing in members other than the Declarant. In the event of death, resignation or removal of a director, his successor shall be selected by a majority of the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4.04. COMPENSATION. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

Section 4.06. INDEMNIFICATION OF OFFICERS AND DIRECTORS. Each director and officer shall be indemnified by the Association and the members against all expenses and liabilities, including attorney's fees, reasonably incurred by or imposed upon him by judgment or settlement in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a director or officer of the Association, except in cases of fraud, gross negligence or bad faith of the director or officer in the performance of his duties.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 5.01. NOMINATION. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more members of the Association. The

nominating committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the members, to serve until the close of such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members ~~or non-~~ members. 37 (MAR)

Section 5.02. ELECTION. The first election of the Board shall be conducted at the first meeting of the Association. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting shall be utilized during all elections in which more than two positions on the Board are to be filled. Voting for Directors shall be by secret written ballot. At any election in which the members other than Declarant do not have a sufficient percentage of the voting power of the Association to elect at least one Director through the accumulating of all of their votes, the person nominated for the Board who receives the highest number of votes cast by members other than Declarant shall be elected to the Board, and the remaining Directors shall be elected in accordance with normal voting procedures.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 6.01. REGULAR MEETINGS. Regular meetings of the Board of Directors shall be held quarterly at such place within the Development and at such hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday, excluding Saturday and Sunday. Notice of the time and place of meeting shall be posted at a prominent place within the Common Area.

Section 6.02. SPECIAL MEETINGS. Special meetings shall be held when called by written notice signed by the president of the Association, or by any two directors other than the president. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be sent to all Directors and posted at a prominent place within the Common Area not less than seventy-two (72) hours prior to the scheduled time of the meeting.

Section 6.03. QUORUM. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act performed or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 6.04. OPEN MEETINGS. All meetings of the Board shall be open to all members, but members other than Directors may not participate in any discussion or deliberation unless expressly so authorized by a majority of a quorum of the Board.

Section 6.05. EXECUTIVE SESSION. The Board may, with approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, disciplinary matters, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 7.01. DUTIES. It shall be the duty of the Board of Directors to:

(a) MAINTENANCE: Maintain the development in accordance with Article VI, paragraphs (f) and (g) of the Declaration.

(b) INSURANCE: Maintain insurance as required by Article IX of the Declaration.

(c) DISCHARGE OF LIENS: Discharge by payment, if necessary, any lien against the Common Area and assess the cost thereof to the Member or Members responsible for the existence of said lien.

(d) ASSESSMENTS: Fix, levy, collect and enforce assessments as set forth in Article VIII of the Declaration.

(e) EXPENSES AND OBLIGATIONS: Pay all expenses and obligations incurred by the Association in the conduct of its business including, without limitation, all licenses, taxes, or governmental charges levied or imposed against the property of the Association.

(f) RECORDS: Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth ^(1/4) of the Class A members.

(g) SUPERVISION: Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed.

(h) ENFORCEMENT: Enforce these By-Laws and the Declaration.

Section 7.02. POWERS: The Board of Directors shall have the power to:

(a) MANAGER: Employ a manager as provided in Article VI of the Declaration.

(b) ADOPTION OF RULES: Adopt rules in accordance with Article VI of the Declaration.

(c) ASSESSMENTS, LIENS, AND FINES: Levy and collect assessments (and impose fines) as provided in Article VI of the Declaration. ^{ART. VIII} ^{ART. VIII} ^{ART. II 2.01 (2)}

(d) ENFORCEMENT: Enforce these By-laws and the Declaration in accordance with Article ~~VIII~~^{VI} of the Declaration.

(e) CONTRACTS: Contract for goods and services in accordance with Article VI of the Declaration.

(f) DELEGATION: Delegate its authority and powers to committees, officers or employees of the Association.

Section 7.03. PROHIBITED ACTS. The Board of Directors shall not take any of the following actions, except with the vote or written consent of a majority of the voting power of the Class A members:

(a) Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Area or the Association for a term longer than one (1) year with the following exceptions:

(i) a management contract shall not exceed a one (1) year term but shall also provide for the right of the Association to terminate the same at the first annual meeting of the Members of the Association, and to terminate the same for cause on thirty (30) days written notice unless said management agreement shall be approved by the majority of the Class A members and any interested lenders.

(ii) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate.

(iii) Prepaid casualty and/or liability insurance policies of not to exceed three (3) years duration provided that the policy permits short rate cancellation by the insured.

(b) Incurring aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year. (SEE 11/23 8:06 page 24)

(c) Selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

(d) Paying compensation to members of the Board or to the officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 8.01. ENUMERATION OF OFFICERS: The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 8.02. ELECTION OF OFFICERS: The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 8.03. TERM: The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 8.04. SPECIAL APPOINTMENTS: The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 8.05. RESIGNATION AND REMOVAL: Any officer may be removed from office by the Board with or without cause. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of 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 8.06. VACANCIES: A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 8.07. MULTIPLE OFFICES: The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to this Article, Section 8.04.

Section 8.08. DUTIES: The duties of the officers are as follows:

(a) PRESIDENT: The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

(b) VICE-PRESIDENT: The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) SECRETARY: The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(d) TREASURER: The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall cosign all checks and promissory notes of the Association; shall keep proper books of account; shall prepare and distribute a financial statement to each member and to any appropriate

governmental agency as follows:

(i) A pro forma operating statement (budget) for each fiscal year shall be distributed not less than sixty (60) days before the beginning of the fiscal year; 1006

(ii) A balance sheet as of an accounting date 11-30-7 which is the last day of the month closest in time to six (6) months from the date of closing of the first sale of a Lot in the development, and an operating statement for the period from the date of the first closing to the said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the numbers of the Lots and the name or names of the Owners assessed; 1-31-8
(WAIVED IN LIEU OF (iii) BELOW)

(iii) A balance sheet as of the last day of the Association's fiscal year and an operating statement for said fiscal year shall be distributed within ninety (90) days after the close of a fiscal year; (1 APR. SEE DECLARATION SEC. 10.01 page

(iv) Ordinarily an external audit by an independent public accountant shall be required for fiscal year financial statements for any fiscal year in which the gross income to the Association exceeds \$75,000.00. Institutional lenders shall, upon request, receive an audited financial statement of the Association within sixty (60) days following (MAR 1) the end of the fiscal year. The foregoing duties may be delegated to a manager appointed by the Board.

ARTICLE IX

COMMITTEES

The Association shall appoint an architectural control committee as provided in the Declaration and a nominating committee as provided in these by-laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X

BOOKS AND RECORDS

Section 10.01. INSPECTION BY MEMBERS: The membership register, books of account and minutes of meetings of the members of the Board and of committees shall be made available for inspection and copying by any member of the Association, or by his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a member, at the office of the Association or at such other place within the development as the Board shall prescribe.

Section 10.02. RULES FOR INSPECTION: The Board shall establish reasonable rules with respect to:

(a) notice to be given to the custodian of the records by the member desiring to make the inspection.

(b) Hours and days of the week when such an inspection may be made.

(c) Payment of the cost of reproducing copies of documents requested by a member.

Section 10.03. INSPECTION BY DIRECTORS: Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties controlled by the Association. The right of inspection by a Director includes the right to make extra copies of documents.

ARTICLE XI

ASSESSMENTS

(ART. VIII. PAGE 2)

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the Lot against which the assessment is made, the lien to become effective upon recordation of a notice of assessment. Any assessments which are not paid within thirty (30) days after the due date shall be delinquent and shall bear interest at the rate of ten percent (10%) per annum from the due date until the date paid. ^(DECLARATION SECT. 8.12 PAGE 25) The Association may bring an action at law against the Owner personally obligated to pay the same or record a notice of assessment and foreclose the lien against the Lot, and interest, costs and reasonable

attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Area or abandonment of his Lot.

ARTICLE XII

AMENDMENTS

Section 12.01. These By-laws may be amended at a regular or special meeting of the members by a vote of a (9 MIN. - 17 MAX.) majority of a quorum of members of each class of membership present in person or by proxy.

Section 12.02. In the case of any conflict between the Articles of Incorporation and these By-laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-laws, the Declaration shall control. In the case any of these By-laws conflict with the provisions of any State of California statutes or regulations, the provisions of said statutes or regulations shall control.

ARTICLE XIII

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December

of every year, except that the first fiscal year shall begin on the close of escrow of the first sale of a Lot.

We, the undersigned, being all of the Directors of LONE PINE HOMEOWNERS ASSOCIATION, do hereby certify;

That we are entitled to exercise all of the voting power of said Association;

That we hereby assent to the within and foregoing By-Laws and hereby adopt the same as the By-laws of said Association.

IN WITNESS WHEREOF, we have hereunto subscribed our names this 26th day of May, 1978.

Wray H. Andrew
Wray H. Andrew

Guy A. Coats
Guy A. Coats

Franklin H. White
Franklin H. White

I, the undersigned, the duly elected and acting secretary of LONE PINE HOMEOWNERS ASSOCIATION, a California Corporation, do hereby certify:

That the within and foregoing By-laws were adopted as the By-laws of said corporation on the 26th day of May, 1978, and that the same do now constitute the By-laws of said corporation.

IN WITNESS WHEREOF, I have hereunto subscribed my
name this 26th day of May, 1978.

Franklin H. White
Secretary

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

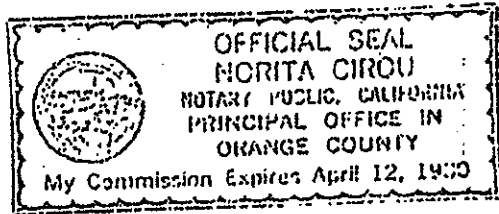
On this 26th day of May, 1978,

before me, a Notary Public, for the State of California,
duly commissioned and sworn, personally appeared

Wray M. Andrew, Guy A. Coats and Franklin H. White

known to me to be the persons whose names are subscribed
to the within Bylaws and acknowledged to me that they
executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand
and affixed my official seal the day and year first above
written.



Norita Cirou
Notary Public