

California corporation, as Declarant, recorded on the 26th day of March, 1998, as Instrument No. 1998-0172892 in the Official Records of Orange County, California.

ARTICLE IV

Meetings of Members

4.1 Membership. The authorized number and qualifications of Members of the Association, the different classes of Members, if any, the property, voting, and other rights and privileges of Members, and their liability for assessments and the method of collecting them, shall be controlled by these Bylaws and the Declaration, and the provisions of the Declaration pertaining thereto are by this reference incorporated herein and made a part hereof.

4.2 Place of Meetings. All meetings of Members shall be held within the Project (defined in the Declaration) or as close thereto as practicable. Unless unusual circumstances exist, Members' meetings shall not be held outside of the County in which the Project is situated.

4.3 Annual Meetings of Members. The first annual meeting of the Members shall be held no later than six (6) months after the recordation of a grant deed conveying the first Lot within the Project. Subsequent regular annual meetings of the Members shall be set by the Board so as to be held within thirty (30) days of the same day of the same month of each year thereafter as was held the first annual meeting. If the date of 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. At such annual meetings there shall be elected by ballot of the Members, a Board of Directors in accordance with the provisions of Section 4.11 and Article VII hereof. The Members may also transact such other business of the Association as may properly come before them.

4.4 Special Meetings. Special meetings of the Members shall be promptly scheduled by the Board in response to: (1) the vote of the Board itself; or (2) written request for a special meeting signed by Members representing at least five percent (5%) of the total voting power of the Association. Upon request in writing to the President, any Vice President, or the Secretary by any person (other than the Board) entitled to call a special meeting of Members, the officer forthwith shall cause notice to be given to the Members pursuant to Section 4.5 of these Bylaws that a meeting will be held at a time fixed by the Board, which time shall be not less than thirty-five (35) nor more than ninety (90) days after the receipt of the request. If the notice is not given within twenty (20) days after receipt of the request, the persons entitled to call the meeting may give the notice. If the Association is the obligee under a bond or other arrangement to

secure performance of the commitment of the Declarant to complete Common Area improvements which have not been completed prior to the close of escrow of the sale of the first Lot located within the Property, and the provisions of Article X of the Declaration entitled "Special Provisions Relating to Enforcement of Declarant's Obligation to Complete Common Area Improvements" are applicable, a special meeting of the Members may be called in accordance with the provisions of said Article of the Declaration, which provisions are incorporated by reference herein.

4.5 Notice of Meetings. Subject to the provisions of Section 4.4 of this Article IV, written notice of each meeting of the Members (annual or special) shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by personal delivery, by mailing of a copy of such Notice, first-class, postage prepaid, or by telegram not less than ten (10) nor more than ninety (90) days before such meeting to each first mortgagee requesting notice in writing and to each Member who, on the record date for notice of the meeting, would be entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member or mortgagee to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, (a) in the case of a special meeting, the general nature of the business to be transacted, and no other business may be transacted, or (b) in the case of the annual meeting, those matters which the Board, at the time of the mailing of the notice, intends to present for action by the Members, but, subject to the provisions of applicable law, any proper matter may be presented at the meeting for such action. The notice of any meeting at which directors are to be elected shall include the names of all those who are nominees at the time the notice is sent to members. If mailed, the notice of meeting shall be deemed to be delivered forty-eight (48) hours after it is deposited in the United States mail addressed to the Member at his address as it appears on the records of the Association, with postage thereon prepaid. Notice by telegram shall be deemed received twenty-four (24) hours after it is properly sent. Whenever any Member entitled to vote has been absent from any meeting of the Members, whether annual or special, an affidavit executed by the Secretary or Assistant Secretary to the effect that notice has been duly given, shall be prima facie evidence that due notice of such meeting was given to such Member or Members as required by law and by the charter documents of the Association.

4.6 Order of Business. The order of business at all meetings of the Members shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of Minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) election of inspector of elections (at annual meetings or special meetings held for such purpose); (g) election of Directors (at annual meetings or special meetings held for such purpose); (h) unfinished business; and (i) new business. Meetings

of Members shall be conducted by the officers of the Association, in order of their priority.

4.7 Informal Action by Members. Subject to Section 7513 of the California Nonprofit Mutual Benefit Corporation Law, any action, except the election of directors, which under any provision of the California Nonprofit Mutual Benefit Corporation Law may be taken at any regular or special meeting of members, may be taken without a meeting if: (a) the written ballot of every member is solicited; (b) the number of ballots cast within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action; and (c) if the number of written, signed approvals received setting forth the action so equals or exceeds the number of votes that would be required for approval at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. Each ballot so distributed shall state: (i) the proposed action; (ii) provide the Members an opportunity to specify approval or disapproval of each proposal; (iii) where an approval or disapproval is specified the ballot will be cast accordingly; (iv) a reasonable time by which Members may return the ballot in order to be counted; (v) the number of responses needed to meet the quorum requirement; and (vi) the percentage of approvals necessary to approve the proposed action. All solicitations of ballots must specify the number of responses necessary for a quorum and the percentage of approvals necessary to pass the measure submitted. Unless a record date for voting purposes be fixed by the Board as provided in Section 4.13 of this Article IV, the record date for determining Members entitled to cast written ballots pursuant to this Section 4.7, when no prior action by the Board has been taken, shall be the day on which the first written ballot is mailed or solicited, whichever is first. All such written ballots shall be filed with the Secretary of the Association and kept in the records of the Association for three (3) years.

4.8 Quorum. The presence, in person or by proxy, of Members entitled to vote holding at least fifty-one percent (51%) of the voting power of the Association shall constitute a quorum for the transaction of business at all meetings of the Members, except as may be otherwise provided in these Bylaws and/or the Declaration. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum. If any meeting cannot be held because a quorum is not present, no business may be transacted except that a majority of the Members present, either in person or by proxy, may, as otherwise provided by law, adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the original meeting date, at which meeting the quorum requirement shall be twenty-five percent (25%) of the voting power of the Members.

4.9 Adjourned Meetings. When any meeting of Members, either annual or special, is adjourned for thirty (30) days or more, or if a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given as in the case of an original meeting. Except as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting, other than by announcement thereof at the meeting at which such adjournment is taken.

4.10 Proxies. Each person entitled to vote shall have the right to do so either in person or by one or more agents authorized by written proxy, signed by the person and filed with the Secretary of the Association. A proxy shall be deemed signed if the Member's name is placed on the proxy (whether by manual signature, typewriting, facsimile transmission, or otherwise) by a Member or the Member's attorney-in-fact. Any form of proxy or written ballot distributed by any person to the membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted on. Proxy or written ballot shall provide that, when the Member specifies a choice, the vote shall be cast in accordance with that choice. The proxy also shall identify the person who is authorized to exercise the proxy and the length of time it will be valid. Any proxy or written ballot that is distributed to ten (10) or more members shall satisfy the requirements of California Corporations Code Section 7514(a) if the Association has one hundred (100) or more Members.

A validly executed proxy shall continue in full force and effect until (i) written notice is received by the Association of the death or incompetency of the Member executing the proxy, or (ii) the Member executing the proxy revokes it before the vote is cast under that proxy by (a) delivering a written revocation to the Association, (b) executing a subsequent proxy that is presented to the meeting, or (c) attending and voting in person at any meeting. Unless the proxy indicates otherwise, it shall not be valid after eleven (11) months from the date of execution and in no event shall any proxy be valid after three (3) years from the date of execution. Notwithstanding any of the foregoing, all proxies shall be revocable and shall automatically terminate when the Member's membership in the Association terminates as provided in Section 4.3 of the Declaration. The suspension of any Member's voting rights by the Association shall automatically suspend any proxy executed by that Member.

No proxy shall be valid with respect to a vote on the following proposals to be approved by the Members unless the general nature of the matter to be voted on was set forth in the proxy:

- (a) Removing a director without cause;

(b) Filling vacancies on the Board;

(c) Amending the Articles;

(d) The sale, lease, conveyance, exchange, transfer, or other disposal of all or substantially all of the Association's assets, or the approval of the principal terms of a merger or the amendment to the principal terms of a merger;

(e) Approving a contract or transaction between the Association and one or more directors, or between the Association and any entity in which the director has a material financial interest;

(f) Election to wind up and dissolve the Association;
or

(g) Approving a plan of distribution of assets, other than money, not in accordance with the liquidation rights of any Members (applicable only if the Association is in the process of winding up and there is more than one class of membership outstanding at the time).

4.11 Voting and Election of Directors. The provisions of Article V of the Declaration entitled "Membership Classes and Voting Rights" pertaining to Members' voting rights and classes of membership are by this reference incorporated herein and made a part hereof. The vote of a majority of a quorum present, in person or by proxy, shall decide any question brought before such meeting, unless the question is one upon which a different vote, by express provision, shall govern and control. Cumulative voting in the election of the Board Members shall be required for all elections, subject only to the procedural prerequisites to cumulative voting prescribed in Section 7615(b) of the Corporations Code. Voting in the election of Board members shall be by secret written ballot. Unless the entire Board is removed from office by the vote of the Members, no individual Board Member shall be removed prior to the expiration of his term of office if the votes cast against his removal would be sufficient to elect the Board Member if voted cumulatively at an election at which the same total number of votes were cast and the entire number of Board Members authorized at the time of the most recent election of the Board Member were then being elected.

Nothing to the contrary in the Articles, the Declaration or these Bylaws withstanding, from the first election of Board Members and thereafter for so long as a majority of the voting power of the Association resides in Declarant, or so long as there are two outstanding classes of Membership in the Association, at any meeting of Members at which directors are to be elected, then the Members other than Declarant shall, by majority vote, among themselves, elect the number of directors required to equal 20% of the total number of directors on the Board. In the event

20% of the total number of directors is equal to any fractional number, the number of directors to be elected pursuant to this special voting right shall be rounded to the next higher whole number. In no event shall the Members other than Declarant be entitled to elect more than 20% of the total number of directors, adjusted for any fractional number as hereinabove provided, pursuant to the provisions of this special voting right. The remaining vacancies on the board shall be filled by Declarant. A Board Member who has been elected to office solely by the votes of Members of the Association other than 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 of the voting power residing in Members other than Declarant.

4.12 Consent of Absentees. The transaction of any business at any meeting of Members, either annual or special, however called and noticed, shall be as valid as if there had been 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 approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the records of the Association, or made a part of the minutes of the meeting. Attendance of a person at a meeting shall constitute a waiver of notice of that meeting, except when the person objects at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Also, attendance at a meeting is not a waiver of any right to object to the consideration of matters required by the California Nonprofit Mutual Benefit Corporation Law to be included in the notice but not so included, if such objection is expressly made at the meeting. Neither the business to be transacted nor the purpose of any regular or special meeting of Members need be specified in any written waiver of notice, consent to the holding of the meeting, or approval of the minutes thereof, except as provided in Section 7511(f) of the California Nonprofit Mutual Benefit Corporation Law.

4.13 Record Date. The Board may fix, in advance, a record date for the determination of the Members entitled to notice of any meeting of Members or entitled to vote, act by written ballot, or take any other lawful action. The record date so fixed for notice purposes shall be not more than sixty (60) days nor less than ten (10) days prior to the meeting; for all other purposes, the record date shall be not more than sixty (60) days prior to such other action. When a record date is so fixed, only Members of record on that date are entitled to notice, to vote, act by written ballot, or take other action for which the record date was fixed. A determination of Members of record entitled to notice of a meeting of Members shall apply to any adjournment of the meeting unless the Board fixes a new record date for the adjourned meeting. The Board shall fix a new record date if the meeting is adjourned for more than forty-five (45) days.

If no record date is fixed by the Board, the record date for determining Members entitled to notice of a meeting of Members shall be at the close of business on the business day preceding the day on which notice is given or, if notice is waived, at the close of business on the business day preceding the day on which the meeting is held. If no record date is fixed by the Board, Members on the day of the meeting who are otherwise eligible to vote are entitled to vote at the meeting of Members or, in the case of an adjourned meeting, Members on the day of the adjourned meeting who are otherwise eligible to vote are entitled to vote at the adjourned meeting of Members. The record date for determining Members for any purpose other than set forth in this Section 4.13 or Section 4.7 of this Article IV shall be at the close of business on the day on which the Board adopts the resolution relating thereto, or the sixtieth (60th) day prior to the date of such other action, whichever is later.

ARTICLE V

Liabilities of Members

No Members of this Association, either regular or otherwise, shall be personally liable for any of the debts, liabilities and/or obligations of the Association.

ARTICLE VI

Association's Books and Records and Rights to Inspection Thereof

6.1 Books and Records of the Association. The Board of the Association shall keep or cause to be kept such membership registers, books of account and minutes of meetings of Members as the Board and committees of the Board shall from time to time deem to be reasonably necessary. Such books and records as are kept by the Association and the Board 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 Project as the Board shall prescribe.

6.2 Establishment of Rules Pertaining to Records. The Board shall establish reasonable rules with respect to:

(a) Notice (not to exceed five (5) business days' written notice) to be given to the custodian of records of the Association by the Member desiring to make the inspection, stating the purpose of the inspection;

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