

BY-LAWS  
OF  
CROWN VALLEY HIGHLANDS COMMUNITY ASSOCIATION

ARTICLE I

NAME AND LOCATION

The name of the corporation is CROWN VALLEY HIGHLANDS COMMUNITY ASSOCIATION, a California nonprofit corporation.

The principal office of the corporation shall be located in the County of Orange, State of California.

ARTICLE II

DEFINITIONS

Section 1. "Declarant" shall mean and refer to LAGUNA NIGUEL CORPORATION, a California corporation.

Section 2. "Declaration" shall mean and refer to that certain Declaration of Establishment of Covenants, Conditions and Restrictions, as amended from time to time as therein provided, recorded in Book 8880, Page 844, of Official Records, Office of the County Recorder, County of Orange, State of California, which Declaration is incorporated herein by this reference.

Section 3. The definitions contained in Sections 1 through 6, inclusive, of Article I of the Declaration are incorporated herein by reference.

## ARTICLE III

### MEMBERSHIP

Article III, Section 1. Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association shall be qualified to be a Member of the Association; provided that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a Member. An Owner shall not have more than one membership. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment, and ownership of such Lot shall be the sole qualification for membership.

(As amended by resolution of the Board of Directors of Crown Valley Highlands Community Association adopted at a meeting held on August 1, 1969, which amendment became effective on June 10, 1970 in accordance with the conditions of said resolution.)

Lot shall be the sole qualification for membership.

### Section 2. Assessments.

#### Article III, Section 2(a). Payment of Assessments.

As more fully provided in Article V of the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of seven per cent. per annum, and, in addition to all other legal and equitable rights or remedies, the Association may bring an action at law against the Owner or Owners personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Areas or abandonment of his Lot.

(As amended by resolution of the Board of Directors of Crown Valley Highlands Community Association adopted at a meeting held on August 1, 1969, which amendment became effective on June 10, 1970 in accordance with the conditions of said resolution.)

the month of July, 1968, said index figure being 122.3 (using 1957-59 as 100). To determine the percentage increase, if any, to be applied to the maximum annual assessment for each calendar year, divide the base rating into the Consumer Price Index figure for the Los Angeles - Long Beach area, all items, for the preceding month of July (using 1957-59 as 100). The resulting quotient, if in excess of one hundred per centum, is multiplied by the original maximum annual assessment to obtain the maximum assessment for the subsequent calendar year.

(c) Uniform Rate. All assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly or other convenient basis.

Section 3. Suspension of Membership. The voting rights and the right to use and enjoyment of the Common Areas of any Member, and his guests and delegates, may be suspended by action of the Board of Directors during any period when assessments owing by such Member remain unpaid; but, upon payment of such assessments, his rights and privileges shall be automatically restored.

If the Directors have adopted and published rules and regulations governing the use of the Common Areas and facilities and the personal conduct of any person thereon, as provided in Article X hereof, they may, in their discretion, after reasonable notice and hearing, suspend the rights of any such person for violation of such

rules and regulations for a period not to exceed thirty (30) days.

Section 4. Additions to Properties and Membership.

Additions to the Original Property may be made only in accordance with the provisions of Article II of the Declaration. Such additions shall extend the jurisdiction, function, duties and membership of this Association to such additional property.

ARTICLE IV  
VOTING RIGHTS

The Association shall have two classes of voting membership:

Class A. Class A Members shall be all those Owners as defined in Section 1 of Article III with the exception of the Declarant. Class A Members shall be entitled to one vote for each Lot in which they hold the interests required for membership by Section 1 of Article III.

When more than one person holds such interest or interests in any Lot all such persons shall be Members, and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any such Lot. Such persons shall designate to the Association in writing from time to time one of their number who shall have the power to exercise their vote.

Class B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to three votes for each Lot in which it holds the interest required for membership by Section 1 of Article III; provided that the Class B membership shall cease and become converted to Class A membership on the happening of any of the following events, whichever occurs earliest:

(a) when the total votes outstanding in the Class A membership equal one thousand four hundred sixty-four (1,464);

(b) on the expiration of a three (3) year period from the date of issuance by the Division of Real Estate of the State of California of a Final Subdivision Public Report with respect to any portion of the property described in Exhibit "A" to the Declaration without the further issuance of a later such Report with respect to any other portion of such property annexed pursuant to Article II, Section 2, of the Declaration; or

(c) on December 31, 1978.

From and after the happening of these events, whichever occurs earliest, the Class B Member shall be deemed to be a Class A Member entitled to one vote for each Lot in which it holds the interests required for membership under Section 1 of Article III.

(As amended by resolution of the Board of Directors of Crown Valley Highlands Community Association adopted at a meeting held on August 1, 1969, which amendment became effective on June 10, 1970 in accordance with the conditions of said resolution.)

## ARTICLE V

### PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT OF COMMON AREAS

Section 1. Each Member shall be entitled to the use and enjoyment of the Common Areas and facilities as provided in Article IV of the Declaration.

Section 2. Any Member may delegate his rights of enjoyment in the Common Areas and facilities to the members of his family who reside upon The Properties or to any of his tenants who reside thereon under a leasehold interest for a term of one year or more. Such Member shall notify the Secretary in writing of the name of any such person or persons and of the relationship of the Member to

such person or persons. The rights and privileges of such persons are subject to suspension under Article III, Section 3 hereof, to the same extent as those of the Member.

## ARTICLE VI

### MEETINGS OF MEMBERS

Section 1. Place of Meetings. All annual and other meetings of Members shall be held at the principal office of the Association, or at any other place within the County of Orange which may be designated by the Board of Directors.

Section 2. Annual Meetings. The first annual meeting of the Members shall be held after fifty-one percent (51%) of the Lots have been sold, or within one year after the sale of the first Lot, whichever occurs first, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 8:00 o'clock 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. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon the written request of one or more Members holding not less than one-fourth (1/4) of the voting power of the entire membership or holding not less than one-fourth (1/4) of the voting power of the entire Class A membership.

Section 4. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary, or other person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days, but not more than sixty (60) days before such meeting, 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. If the Member supplies no address, notice shall be deemed to have been given him if mailed to the place where the principal office of the Association is situated, or published at least once in some newspaper of general circulation in the County of Orange.

Section 5. Quorum and Adjournment. At the first meeting duly called, the presence thereat of Members or proxies entitled to exercise not less than fifty per cent (50%) of the voting power of the membership shall constitute a quorum for the transaction of business. 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 a quorum is present, the meeting may be ad-

journed from time to time by the vote of a majority of the Members present in person or by proxy and entitled to vote thereat. If the meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting other than by announcement at the meeting at which such adjournment is taken.

If the required quorum is not present or represented at the meeting, the Members entitled to vote thereat may adjourn the meeting, without notice, to a time not less than forty-eight (48) hours nor more than thirty (30) days from the time the preceding meeting was called, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

Except where a greater portion of the voting power is required by the Articles of Incorporation, the Declaration or these By-Laws, a majority of the voting power present, in person or by proxy, shall prevail at all meetings.

Section 6. 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. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.



Section 7. Entry of Notice. Whenever any Member entitled to vote has been absent from any meeting of Members, whether annual or special, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such meeting was given to such Member or Members as required by law and by the Articles of Incorporation, Declaration and By-Laws of the Association.

Section 8. Voting Cumulative. Voting may be viva voce or by ballot; provided, however, that all elections for directors must be by secret written ballot upon demand made by any Member at any election and before the voting begins. Every Member entitled to vote at any election for directors of this Association shall have the right to cumulate his votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which he is entitled, or to distribute his votes on the same principle among as many candidates as he shall think fit. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected.

Section 9. Consent of Absentees. The transaction of business at any meeting of Members, either annual or special, however called and noticed, shall be as valid as though had 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 Mem-

bers 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 or made a part of the minutes of the meeting.

Section 10. Action Without Meeting. Any action which under the provisions of the laws of the State of California may be taken at a meeting of the Members, may be taken without a meeting, if authorized by a writing signed by all of the Members who would be entitled to vote at a meeting for such purpose, and filed with the Secretary of the Association.

## ARTICLE VII

### BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of five (5) directors, who need not be Members of the Association.

Section 2. Election. At the first annual meeting the Members shall elect three directors for a term of one year and two directors for a term of two years; and at each annual meeting thereafter the Members shall elect directors for a term of two years to succeed those directors whose terms have expired. If any 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 3. Vacancies. Vacancies in the Board of Directors may be filled by a majority of the remaining directors, though less than a quorum, and each director so elected shall hold office for the unexpired term of his predecessor and until his successor is elected at an annual meeting of Members, or at a special meeting called for that purpose.

Any director may be removed from the Board, with or without cause, by a vote of the Members cast in the same manner as such votes may be cast for the election of directors as set forth in these By-Laws.

A vacancy or vacancies shall be deemed to exist in case of the death, resignation, or removal of any director, or if the Members shall increase the authorized number of directors but shall fail at the meeting at which such increase is authorized or at an adjournment thereof, to elect the additional directors so provided for, or in the case Members fail at any time to elect the full number of authorized directors.

The Members may at any time elect directors to fill any vacancy not filled by the directors, and may elect the additional directors at the meeting at which an amendment of the By-Laws is voted authorizing an increase in the number of directors.

If any director tenders his resignation to the Board of Directors, the Board shall have power to elect a successor to take office at such time as the resignation shall become effective.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association as such. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

## ARTICLE VIII

### NOMINATION OF DIRECTORS

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 or special meeting as the case may be. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each 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.

## ARTICLE IX

### MEETINGS OF DIRECTORS

Section 1. Place of Meeting. Regular meetings of the Board of Directors shall be held at any place within Orange County 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 meetings shall be held at the principal office of the Association. Special meetings of the Board may be held either at a place so designated or at the principal office.

Section 2. Organization Meeting. Immediately following each annual meeting of Members, the Board of Directors shall hold a regular meeting for the purpose of organization, election of officers, and the transaction of other business. Notice of such meetings is hereby dispensed with.

Section 3. Other Regular Meetings. Other regular meetings of the Board of Directors shall be held on the second Tuesday of each month, without notice, at such place and 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 thereafter ensuing which is not a legal holiday.

Section 4. Special Meetings. Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the Chairman of the Board of Directors

or by the President of the Association, or, if they are absent or unable or refuse 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 the directors or sent to each director by letter or by telegram, charges prepaid, addressed to him at his address as it is shown upon the records of the Association, or if it is not so shown upon the said records or is not readily ascertainable, at the place in which the meetings of the directors are regularly held. 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 Association is located at least forty-eight (48) hours prior to the time of the holding of the meeting. In case such notice is delivered personally to any director 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 5. Notice of Adjournment. Notice of adjournment of any directors' meeting, either regular or special, need not be given to absent directors, if the time and place are fixed at the meeting adjourned.

Section 6. Entry of Notice. Whenever any director

has been absent from any special meeting of the Board of Directors, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such special meeting was given to such director, as required by law and by the By-Laws of the Association.

Section 7. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as 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 8. Quorum. A majority of the 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.

Section 9. 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 10. Attendance at Meetings. If a director shall fail to attend three (3) consecutive meetings of the Board of Directors without leave of absence, his office as a director may be declared vacant by a vote of a majority of all the remaining directors.

Section 11. Action By Written Consent In Lieu of Board Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board and shall state that the action was taken by unanimous written consent of the Board of Directors without a meeting, and that the By-Laws of the Association authorized the directors to so act. Such action by written consent shall have the same force and effect as a unanimous vote of such directors.

## ARTICLE X

### POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. Subject to limitations of the Articles of Incorporation, the Declaration, or the By-Laws, and the laws of the State of California as to action required



to 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 Association 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:

(a) To select and remove all the other officers, agents, and employees of the Association, prescribe such powers and duties for them as may not be inconsistent with law, with the Articles of Incorporation, the Declaration, or the By-Laws, fix their compensation and, at the discretion of the directors, require from them security for faithful service.

(b) To adopt and publish rules and regulations governing the use of the Common Areas and facilities, and the personal conduct of the Members and their guests and delegates thereon, and to establish penalties for the infraction thereof.

(c) To conduct, manage, and control the affairs and business of the Association.

(d) To establish and change the principal office for the transaction of the business of the Association from one location to another within the County of Orange; to designate any place within the County of

Orange for the holding of any Members' meeting or meetings; and to adopt, make, and use a corporate seal and to alter the form of such seal from time to time as in their judgment they deem best; provided such seal shall at all times comply with the provisions of law.

(e) Subject to Article VII and IX of the Articles of Incorporation, to borrow money and incur indebtedness for the purposes of the Association, and to cause to be executed and delivered therefor, in the Association name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor.

(f) To contract and pay for maintenance, gardening, utilities, materials and supplies and services relating to the Common Areas and/or facilities, and to employ personnel reasonably necessary for the operation of the Association, including lawyers and accountants where appropriate.

(g) To contract and pay for the use and enjoyment of recreational beaches and facilities by the Members of the Association.

(h) To pay taxes and special assessments which are or would become a lien on the Common Areas.

(i) Where appropriate, to pay for reconstruction

of any portion or portions of the Common Areas damaged or destroyed which are to be rebuilt.

(j) To exercise all other powers granted to the Board of Directors by the Declaration, the Articles of Incorporation or the By-Laws, or the laws of the State of California.

Section 2. Duties. It shall be the duty of the Board of Directors:

(a) To cause to be kept a complete record of all its acts and corporate affairs and cause an annual independent examination or audit of the Association's account or accounts to be made and to cause a copy of such report to be available to each Member within thirty (30) days of completion.

(b) To supervise all officers, agents and employees of this Association, and to see that their duties are properly performed.

(c) As more fully provided in the Declaration, to:

(1) Fix the amount of the assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

(2) Prepare a roster of The Properties and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner during normal business hours; and

(3) Send written notice of each annual assessment to every Owner subject thereto at least fifteen (15) days in advance of each annual assessment period.

(d) To issue, or to cause an appropriate officer to issue, upon demand by any Owner, a certificate setting forth whether or not any assessment or portion thereof has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment or portion thereof has been paid, such certificate shall be conclusive evidence of such payment.

(e) To contract and pay premiums for fire, casualty, liability and other insurance, including indemnity and other bonds.

(f) To cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

(g) To cause the Common Areas and facilities to be maintained.

(h) To perform all other duties as may be required of the Board of Directors by the Declaration, the Articles of Incorporation, the By-Laws, or the laws of the State of California.

## ARTICLE XI

### COMMITTEES

Section 1. The Board of Directors shall appoint

a Nominating Committee as required by Article VIII of these By-Laws.

Section 2. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out the purposes of the Association, which may include:

(a) An Architectural Control Committee in accordance with Article VI of the Declaration;

(b) A Recreational Committee which shall advise the Board of Directors on all matters pertaining to the recreational program and activities of the Association and shall perform such other functions as the Board in its discretion determines;

(c) A Maintenance Committee which shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the Common Areas and facilities and shall perform such other functions as the Board in its discretion determines;

(d) A Publicity Committee which shall inform the Members of all activities and functions of the Association, and shall, after consulting with the Board of Directors, make such public releases and announcements as are in the best interests of the Association; and

(e) A Finance Committee which shall supervise the annual audit of the Association's books and approve the annual budget and statement of income and expenditures to be presented to the membership at its annual meeting,

as provided in these By-Laws. The Treasurer shall be an ex officio member of the Committee.

Section 3. It shall be the duty of each committee to receive complaints from Members on any matter involving Association functions, duties, and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matter presented.

## ARTICLE XII

### OFFICERS

Section 1. Officers. The officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer. The Association may also have, at the discretion of the Board of Directors, a Chairman of the Board, one or more additional Vice Presidents, one or more Assistant Secretaries, and one or more Assistant Treasurers, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article. Any officer, other than the President and the Chairman of the Board, may be, but need not be, a member of the Board of Directors. One person may hold two or more offices except those of President and Secretary.

Section 2. Election. The officers of the Association, 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 of Directors, and each shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

Section 3. Subordinate Officers, Etc. The Board of Directors may appoint such other officers as the business of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the By-Laws or as the Board of Directors may from time to time determine.

Section 4. Removal and Resignation. Any officer may be removed, either with or without cause, by a majority of the directors at the time in office, at any regular or special meeting of the Board, or, except in case of an officer chosen by the Board of Directors, by any officer upon whom such power of removal may be conferred by the Board of Directors.

Any officer may resign at any time by giving written notice to the Board of Directors or to the President, or to the Secretary of the Association. 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 any office because of death, resignation, removal, disqualification or any other cause, shall be filled by the Board of Directors

at any regular or special meeting, and the officer so chosen shall hold office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

Section 6. Chairman of the Board. The Chairman of the Board, if there shall be such an officer, shall, if present, preside at all meetings of the Board of Directors, and exercise and perform such other powers and duties as may be from time to time assigned to him by the Board of Directors or prescribed by the By-Laws.

Section 7. President. Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chairman of the Board, if there shall be such an officer, the President shall be the chief executive officer of the Association; and shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the business and officers of the Association. He shall preside at all meetings of the Members and in the absence of the Chairman of the Board, or if there be none, at all meetings of the Board of Directors. He shall be ex-officio a member of all the standing committees and shall have such other powers and duties as may be prescribed by the Board of Directors or the By-Laws.

Section 8. Vice President. In the absence or disability of the President, the Vice President 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 President shall have such other powers and perform such other duties as from time to time may be prescribed for him by the Board of Directors or the By-Laws.

Section 9. Secretary. The Secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the Board of Directors may order, of all meetings of directors and shareholders, 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 Members present or represented at Members' meetings and the proceedings thereof. The Secretary shall keep, or cause to be kept, a membership book containing the name and address of each Member. Termination of any membership shall be recorded in the book, together with the date on which the membership ceased.

The Secretary shall give, or cause to be given, notice of all the meetings of the Members and of the Board of Directors required by the By-Laws, the Articles of Incorporation, the Declaration, or by law to be given, and he shall keep the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the By-Laws.

Section 10. 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 the Association. The books of account shall at all times be open to inspection by any Director.

The Treasurer shall deposit all monies and other valuables in the name and to the credit of the Association with such depositaries as may be designated by the Board of Directors. He shall disburse the funds of the Association as may be ordered by the Board of Directors, shall render to the President and Directors, whenever they request it, an account of all of his transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the By-Laws.

#### ARTICLE XIII

##### MISCELLANEOUS

##### Section 1. Inspection of Association Records.

The books, records and papers of the Association shall be open to inspection upon the written demand of any Member, at any reasonable time, and for a purpose reasonably related to his interests as a Member, and shall be produced at any time when required by the demand of ten per cent (10%) of the voting power of either class of membership 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. Demand of inspection,

other than at a Members' meeting, shall be made in writing upon the President, Secretary, or Assistant Secretary of the corporation. Every such demand, unless granted, shall be referred by such officer to the Board of Directors.

Section 2. 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 the Association, 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 of Directors.

Section 3. Annual Reports. The directors of the Association shall cause to be sent to the Members not later than one hundred twenty (120) days after the close of the calendar year, a balance sheet as of the closing date of the last such year, together with a statement of the income and profit and loss for the year ended on that date. Such financial statements shall be certified to, either by the President or the Secretary or the Treasurer or a public accountant. Such annual report shall comply with the requirements of Section 3006 et seq. of the California Corporations Code.

Section 4. Contracts, Etc., How Executed. The Board of Directors, except as in the By-Laws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instru-

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

Section 5. Inspection of By-Laws. The Association shall keep in its principal office for the transaction of business, the original or a copy of the By-Laws, as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the Members at all reasonable times during office hours.

#### ARTICLE XIV

##### AMENDMENTS

Section 1. Power of Members. By-Laws may be adopted, amended, or repealed either at a meeting by the vote of Members entitled to exercise a majority of the voting power, or by the written consent of such Members, except as otherwise provided by law, the Declaration, 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 XIV to adopt, amend or repeal By-Laws, By-Laws other than a By-Law or amendment thereof changing the authorized number of directors, may be adopted, amended or repealed by

SECRETARY'S CERTIFICATE OF ADOPTION  
OF BY-LAWS

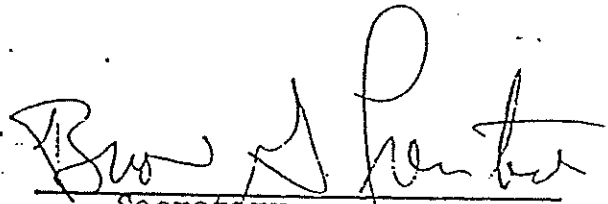
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I, the undersigned, do hereby certify:

(1) That I am the duly elected and acting Secretary of CROWN VALLEY HIGHLANDS COMMUNITY ASSOCIATION and

(2) That the foregoing By-Laws comprising the immediately preceding pages constitute the original By-Laws of said corporation as duly adopted at a special meeting of the Board of Directors thereof duly held on the 20th day of February, 1969.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 20th day of February, 1969.

  
Secretary

