

**BY-LAWS**  
**OF**  
**LAURELWOOD HOMEOWNERS ASSOCIATION**

**ARTICLE I**

**NAME AND DEFINITIONS**

**SECTION 1. NAME.** THE NAME OF THE CORPORATION IS LAURELWOOD HOMEOWNERS ASSOCIATION, HEREINAFTER REFERRED TO AS THE "ASSOCIATION". THE PRINCIPAL OFFICE OF THE CORPORATION SHALL BE LOCATED IN ORANGE COUNTY, CALIFORNIA.

**SECTION 2. PROPERTIES.** "PROPERTIES" SHALL MEAN AND REFER TO THAT CERTAIN REAL PROPERTY AS DEFINED IN THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, AND SUCH ADDITIONS THERETO AS MAY HEREAFTER BE BROUGHT WITHIN THE JURISDICTION OF THE ASSOCIATION.

**SECTION 3. COMMON AREA.** "COMMON AREA" SHALL MEAN ALL REAL PROPERTY OWNED BY THE ASSOCIATION FOR THE COMMON USE AND ENJOYMENT OF THE OWNERS.

**SECTION 4. LOTS.** "LOT" SHALL MEAN AND REFER TO ANY PLOT OF LAND SHOWN UPON ANY RECORDED SUBDIVISION MAP OF THE PROPERTIES, WITH THE EXCEPTION OF THE COMMON AREA.

**SECTION 5. OWNER.** "OWNER" SHALL MEAN AND REFER TO THE RECORD OWNER, WHETHER ONE OR MORE PERSONS OR ENTITIES, OF THE FEE SIMPLE TITLE TO ANY LOT WHICH IS A PART OF THE PROPERTIES, INCLUDING CONTRACT SELLERS, BUT EXCLUDING THOSE HAVING SUCH INTEREST MERELY AS SECURITY FOR THE PERFORMANCE OF AN OBLIGATION.

**SECTION 6. DECLARANT.** "DECLARANT" SHALL COLLECTIVELY MEAN AND REFER TO U.S. DEVELOPMENT CORPORATION, FOR SO LONG AS IT IS OWNER OF THE LEASEHOLD INTEREST DESCRIBED IN THE DECLARATION, AND THE IRVINE COMPANY, THEIR SUCCESSORS AND ASSIGNS, IF SUCH SUCCESSORS OR ASSIGNS SHOULD ACQUIRE MORE THAN ONE UNDEVELOPED LOT FROM THE DECLARANT FOR PURPOSE OF DEVELOPMENT.

**SECTION 7. DECLARATION.** "DECLARATION" SHALL MEAN AND REFER TO THE MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS APPLICABLE TO THE PROPERTIES AND RECORDED IN THE OFFICE OF THE RECORDER, ORANGE COUNTY, CALIFORNIA.

**SECTION 8. MEMBER.** "MEMBER" SHALL MEAN AND REFER TO THOSE PERSONS ENTITLED TO MEMBERSHIP AS PROVIDED IN THE DECLARATION. THERE SHALL BE TWO (2) CLASSES OF MEMBERS AS PROVIDED IN THE DECLARATION.

**ARTICLE II**

**MEETINGS OF MEMBERS**

**SECTION 1. ANNUAL MEETINGS.** THE FIRST ANNUAL MEETING OF THE MEMBERS SHALL BE HELD WITHIN SIX (6) MONTHS AFTER THE CLOSE OF ESCROW FOR THE SALE OF THE FIRST LOT IN THE PROPERTIES FROM DECLARANT, OR NOT LATER THAN THIRTY (30) DAYS

AFTER FIFTY-ONE PERCENT (51%) OF THE LOTS WITHIN THE PROPERTIES HAVE BEEN SOLD, WHICHEVER OCCURS FIRST.

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 7:00 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 2. SPECIAL MEETINGS.** SPECIAL MEETINGS OF THE MEMBERS MAY BE CALLED AT ANY TIME BY THE PRESIDENT OR BY THE BOARD OF DIRECTORS, OR UPON WRITTEN REQUEST OF THE MEMBERS WHO ARE ENTITLED TO VOTE ONE-FOURTH (1/4<sup>TH</sup>) OF ALL OF THE VOTES OF THE CLASS A MEMBERSHIP.

**SECTION 3. NOTICE 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 MAILING A COPY OF SUCH NOTICE, POSTAGE PREPAID, AT LEAST FIFTEEN (15) DAYS BUT NOT MORE THAN THIRTY (30) DAYS BEFORE SUCH MEETING TO EACH MEMBER ENTITLED TO VOTE THEREAT, ADDRESSED TO THE MEMBER'S ADDRESS LAST APPEARING ON THE BOOKS OF THE CORPORATION, OR SUPPLIED BY SUCH MEMBER TO THE CORPORATION 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.

**SECTION 4. QUORUM.** THE PRESENCE IN PERSON OR BY PROXY OF THE HOLDERS OF FIFTY PERCENT (50%) OF THE VOTING POWER OF EACH CLASS OF MEMBERSHIP AT ANY MEETING 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; PROVIDED, HOWEVER, A QUORUM MUST ALWAYS BE PRESENT WHEN ACTIONS ARE APPROVED TO INCREASE OR DECREASE ANY REGULAR OR SPECIAL ASSESSMENT, DEDICATE OR MORTGAGE THE COMMON AREA, OR TO DISSOLVE THE CORPORATION. IF ANY MEETING, ANNUAL OR SPECIAL, CANNOT BE HELD FOR LACK OF A QUORUM, THE MEMBERS PRESENT EITHER IN PERSON OR BY PROXY, MAY, EXCEPT AS OTHERWISE PROVIDED BY LAW, ADJOURN THE MEETING TO A TIME NOT LESS THAN FORTY-EIGHT (48) HOURS NOR MORE THAN THIRTY (30) DAYS FROM THE TIME THE ORIGINAL MEETING WAS CALLED, AT WHICH MEETING THE QUORUM REQUIREMENT SHALL BE TWENTY-FIVE PERCENT (25%) OF THE VOTING POWER.

**SECTION 5. ADJOURNED MEETINGS AND NOTICE THEREOF.** ANY MEMBERS' MEETING, ANNUAL OR SPECIAL, WHETHER OR NOT A QUORUM IS PRESENT, MAY BE ADJOURNED FROM TIME TO TIME BY THE VOTE OF A MAJORITY OF THE VOTING POWER OF WHICH IS EITHER PRESENT IN PERSON OR REPRESENTED BY PROXY THEREAT, BUT IN THE ABSENCE OF A QUORUM NO OTHER BUSINESS MAY BE TRANSACTED AT ANY SUCH MEETING.

WHEN ANY MEMBERS' MEETING, EITHER ANNUAL OR SPECIAL, IS ADJOURNED FOR THIRTY (30) DAYS OR MORE, NOTICE OF THE ADJOURNED MEETING SHALL BE GIVEN AS IN THE CASE OF AN ORIGINAL MEETING. EXCEPT AS PROVIDED ABOVE, IT SHALL NOT BE NECESSARY TO GIVE ANY NOTICE OF THE TIME AND PLACE OF THE ADJOURNED MEETING OR OF THE BUSINESS TO BE TRANSACTED THEREAT, OTHER THAN BY ANNOUNCEMENT AT THE MEETING AT WHICH SUCH ADJOURNMENT IS TAKEN.

**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. VOTING.** EXCEPT AS OTHERWISE PROVIDED BY LAW, ONLY MEMBERS IN WHOSE NAMES MEMBERSHIPS ENTITLED TO VOTE STAND ON THE RECORDS OF THE

CORPORATION ON THE RECORD DATE FOR VOTING PURPOSES, SHALL BE ENTITLED TO VOTE AT SUCH MEETING. SUCH VOTE MAY BE VOICE OR BALLOT; PROVIDED, HOWEVER, THAT ALL ELECTIONS FOR DIRECTORS MUST BE BY BALLOT. EXCEPT AS OTHERWISE PROVIDED IN THE DECLARATION, EACH MEMBER IS ENTITLED TO ONE VOTE FOR EACH LOT OWNED BY HIM. EVERY MEMBER ENTITLED TO VOTE AT ANY ELECTION FOR DIRECTORS SHALL HAVE THE RIGHT TO CUMULATE HIS VOTES AND GIVE ONE (1) 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 THINKS FIT. THE CANDIDATES RECEIVING THE HIGHEST NUMBER OF VOTES, UP TO THE NUMBER OF DIRECTORS TO BE ELECTED, SHALL BE ELECTED.

**SECTION 8. ACTION WITHOUT MEETING.** ANY ACTION, EXCEPT AS OTHERWISE PROVIDED BY LAW, WHICH, UNDER THE APPLICABLE PROVISIONS OF LAW, MAY BE TAKEN AT A MEETING OF THE MEMBERS, MAY BE TAKEN WITHOUT A MEETING IF AUTHORIZED IN WRITING BY ALL OF THE MEMBERS WHO WOULD BE ENTITLED TO VOTE UPON SUCH ACTION AT A MEETING AND FILED WITH THE SECRETARY OF THE ASSOCIATION.

**SECTION 9. REMOVAL OF DIRECTORS.** AT ANY REGULAR OR SPECIAL MEETING DULY CALLED, ANY ONE OR MORE OF THE DIRECTORS MAY BE REMOVED WITH OR WITHOUT CAUSE BY A MAJORITY OF THE MEMBERS AND A SUCCESSOR MAY THEN AND THERE BE ELECTED TO FILL THE VACANCY THUS CREATED. ANY DIRECTOR WHOSE REMOVAL HAS BEEN PROPOSED BY THE MEMBERS SHALL BE GIVEN AN OPPORTUNITY TO BE HEARD AT THE MEETING. THE PROVISIONS FOR VOTING AND CUMULATIVE VOTING AS SET FORTH IN SECTION 7 OF THIS ARTICLE SHALL APPLY TO ACTION TAKEN UNDER THIS SECTION. NO DIRECTOR SHALL BE REMOVED IF THE NUMBER OF VOTES CAST AGAINST HIS REMOVAL IS EQUAL TO THE NUMBER OF VOTES WHICH WOULD BE REQUIRED TO ELECT THAT DIRECTOR.

### **ARTICLE III**

#### **DIRECTORS**

**SECTION 1. NUMBER AND QUALIFICATIONS.** THE AUTHORIZED NUMBER OF DIRECTORS OF THE ASSOCIATION SHALL BE FIVE (5) UNTIL CHANGED BY AN AMENDMENT OF THE ARTICLES OF INCORPORATION OR BY A BY-LAW AMENDING THIS SECTION IN ACCORDANCE WITH THE ARTICLES OF INCORPORATION. DIRECTORS SHALL BE MEMBERS OF THE ASSOCIATION.

**SECTION 2. TERM OF OFFICE.** AT THE FIRST ANNUAL MEETING, THE MEMBERS SHALL ELECT FIVE (5) DIRECTORS FOR A TERM OF ONE (1) YEAR. THE DIRECTORS SHALL HOLD OFFICE UNTIL THEIR SUCCESSORS HAVE BEEN ELECTED AND HOLD THEIR FIRST MEETING. EACH MEMBER MAY ACCUMULATE HIS VOTES AND GIVE ONE OR MORE CANDIDATE FOR DIRECTOR A NUMBER OF VOTES EQUAL TO THE NUMBER OF UNITS OWNED BY THE MEMBER, MULTIPLIED BY THE NUMBER OF DIRECTORS TO BE ELECTED.

**SECTION 3. 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.

**SECTION 4. ACTION TAKEN WITHOUT A MEETING.** 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 DIRECTORS. ANY ACTION SO APPROVED SHALL HAVE THE SAME EFFECT AS THOSE TAKEN AT A MEETING OF THE DIRECTORS.

## ARTICLE IV

### NOMINATION AND ELECTION OF DIRECTORS

**SECTION 1. 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 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.

**SECTION 2. ELECTION.** ELECTION TO THE BOARD OF DIRECTORS SHALL BE BY SECRET WRITTEN BALLOTS. 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 AND THE PROVISIONS OF THESE BY-LAWS WITH RESPECT TO CUMULATIVE VOTING.

## ARTICLE V

### MEETINGS OF DIRECTORS

**SECTION 1. REGULAR MEETINGS.** 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.

**SECTION 2. SPECIAL MEETINGS.** SPECIAL MEETINGS OF THE BOARD OF DIRECTORS FOR ANY PURPOSE OR PURPOSES MAY BE HELD AT ANY TIME UPON CALL BY THE PRESIDENT, OR, IF HE IS ABSENT OR UNABLE TO OR REFUSES TO ACT, BY ANY VICE PRESIDENT OR BY ANY TWO (2) DIRECTORS. SUCH MEETINGS MAY BE HELD AT ANY PLACE DESIGNATED FROM TIME TO TIME BY RESOLUTION OF THE BOARD OR BY WRITTEN CONSENT OF ALL MEMBERS OF THE BOARD.

WRITTEN NOTICE OF THE TIME AND PLACE OF SPECIAL MEETINGS SHALL BE DELIVERED PERSONALLY TO EACH DIRECTOR OR SENT TO EACH DIRECTOR BY MAIL OR OTHER FORM OF WRITTEN COMMUNICATION, CHARGES PREPAID, ADDRESSED TO HIM AT HIS ADDRESS AS IT IS SHOWN UPON THE RECORDS OF THE CORPORATION, AT LEAST THREE (3) DAYS PRIOR TO SAID MEETING DATE. 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 CORPORATION IS LOCATED AT LEAST NINETY-SIX (96) HOURS PRIOR TO THE TIME OF THE HOLDING OF THE MEETING. SUCH MAILING, TELEGRAPHING OR DELIVERY AS ABOVE PROVIDED SHALL CONSTITUTE DUE, LEGAL AND PERSONAL NOTICE TO SUCH DIRECTOR.

**SECTION 3. 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 4. QUORUM.** A MAJORITY OF THE AUTHORIZED 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 UNLESS A GREATER NUMBER BE REQUIRED BY LAW OR BY THE ARTICLES OF INCORPORATION.

**SECTION 5. ADJOURNMENT AND NOTICE.** 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.

NOTICE OF THE TIME AND PLACE OF HOLDING AN ADJOURNED MEETING NEED NOT BE GIVEN TO ABSENT DIRECTORS IF THE TIME AND PLACE IS FIXED AT THE MEETING ADJOURNED.

## **ARTICLE VI**

### **POWERS AND DUTIES OF BOARD OF DIRECTORS**

**SECTION 1. POWERS.** THE BOARD OF DIRECTORS SHALL HAVE THE POWER TO:

- (A) ADOPT AND PUBLISH RULES AND REGULATIONS GOVERNING THE USE OF THE COMMON AREA AND FACILITIES, AND THE PERSONAL CONDUCT OF THE MEMBERS AND THEIR GUESTS THEREON, AND TO ESTABLISH PENALTIES FOR THE INFRACTION THEREOF;
- (B) SUSPEND, AFTER NOTICE AND HEARING, THE VOTING RIGHTS AND RIGHTS TO USE OF THE RECREATIONAL FACILITIES OF A MEMBER DURING ANY PERIOD IN WHICH SUCH MEMBER SHALL BE IN DEFAULT IN THE PAYMENT OF ANY ASSESSMENT LEVIED BY THE CORPORATION OR SUSPEND, AFTER NOTICE AND HEARING, FOR A PERIOD NOT TO EXCEED THIRTY (30) DAYS, THE VOTING RIGHTS AND RIGHT TO USE OF THE RECREATIONAL FACILITIES OF ANY MEMBER FOR THE INFRACTION OF PUBLISHED RULES AND REGULATIONS;
- (C) EXERCISE FOR THE CORPORATION ALL POWERS, DUTIES AND AUTHORITY VESTED IN OR DELEGATED TO THIS CORPORATION AND NOT RESERVED TO THE MEMBERSHIP BY OTHER PROVISIONS OF THESE BY-LAWS, THE ARTICLES OF INCORPORATION, OR THE DECLARATION;
- (D) DECLARE THE OFFICE OF A MEMBER OF THE BOARD OF DIRECTORS TO BE VACANT IN THE EVENT SUCH MEMBER SHALL BE ABSENT FROM THREE (3) CONSECUTIVE REGULAR MEETINGS OF THE BOARD OF DIRECTORS; AND
- (E) EMPLOY A MANAGER, AN INDEPENDENT CONTRACTOR, OR SUCH OTHER EMPLOYEES AS THEY DEEM NECESSARY, AND TO PRESCRIBE THEIR DUTIES.

**SECTION 2. DUTIES.** IT SHALL BE THE DUTY OF THE BOARD OF DIRECTORS TO, AMONG OTHER THINGS:

- (A) 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 WHO ARE ENTITLED TO VOTE;

- (B) SUPERVISE ALL OFFICERS, AGENTS AND EMPLOYEES OF THIS CORPORATION, AND TO SEE THAT THEIR DUTIES ARE PROPERLY PERFORMED.
- (C) AS MORE FULLY PROVIDED IN THE DECLARATION, TO:
  - (1) FIX THE AMOUNT OF THE ASSESSMENTS AGAINST EACH LOT AT LEAST THIRTY (30) DAYS IN ADVANCE OF EACH ANNUAL ASSESSMENT PERIOD;
  - (2) SEND WRITTEN NOTICE OF EACH ASSESSMENT TO EVERY OWNER SUBJECT THERETO AT LEAST THIRTY (30) DAYS IN ADVANCE OF EACH ANNUAL ASSESSMENT PERIOD; AND
  - (3) FORECLOSE THE LIEN AGAINST ANY PROPERTY FOR WHICH ASSESSMENTS ARE NOT PAID WITHIN THIRTY (30) DAYS AFTER DUE DATE OR TO BRING AN ACTION AT LAW AGAINST THE OWNER PERSONALLY OBLIGATED TO PAY THE SAME.
- (D) ISSUE, OR TO CAUSE AN APPROPRIATE OFFICER TO ISSUE, UPON DEMAND BY ANY PERSON, A CERTIFICATE SETTING FORTH WHETHER OR NOT ANY ASSESSMENT HAS BEEN PAID. A REASONABLE CHARGE MAY BE MADE BY THE BOARD FOR THE ISSUANCE OF THESE CERTIFICATES. IF A CERTIFICATE STATES AN ASSESSMENT HAS BEEN PAID, SUCH CERTIFICATE SHALL BE CONCLUSIVE EVIDENCE OF SUCH PAYMENT.
- (E) PROCURE AND MAINTAIN ADEQUATE LIABILITY AND HAZARD INSURANCE ON PROPERTY OWNED BY THE CORPORATION;
- (F) CAUSE ALL OFFICERS OR EMPLOYEES HAVING FISCAL RESPONSIBILITY TO BE BONDED, AS IT MAY DEEM APPROPRIATE;
- (G) CAUSE THE COMMON AREA AND ALL OF THE LANDSCAPED AND PAVED PROPERTY, EXCEPT THE ENCLOSED PATIOS, WITHIN THE TOWNHOUSE AREA TO BE MAINTAINED;
- (H) DISTRIBUTE AN ANNUAL OPERATING STATEMENT REFLECTING INCOME AND EXPENDITURES OF THE ASSOCIATION TO EACH MEMBER WITHIN NINETY (90) DAYS AFTER THE END OF EACH FISCAL YEAR.

## **ARTICLE VII**

### **OFFICERS AND THEIR DUTIES**

**SECTION 1. ENUMERATION OF OFFICERS.** THE OFFICERS OF THIS CORPORATION 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 2. 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 3. TERM.** THE OFFICERS OF THIS CORPORATION 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 DISQUALIFIED TO SERVE.

**SECTION 4. SPECIAL APPOINTMENTS.** THE BOARD MAY ELECT SUCH OTHER OFFICERS AS THE AFFAIRS OF THE CORPORATION 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 5. RESIGNATION AND REMOVAL.** ANY OFFICER MAY BE REMOVED FROM OFFICE WITH OR WITHOUT CAUSE BY THE BOARD. 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 6. 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 7. 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 SECTION 4 OF THIS ARTICLE.

**SECTION 8. PRESIDENT.** THE PRESIDENT, WHO SHALL BE CHOSEN FROM THE BOARD OF DIRECTORS, SHALL BE THE CHIEF EXECUTIVE OFFICER OF THE CORPORATION AND SHALL, SUBJECT TO THE CONTROL OF THE BOARD OF DIRECTORS, HAVE GENERAL SUPERVISION, DIRECTION AND CONTROL OF THE BUSINESS AND OFFICERS OF THE CORPORATION. HE SHALL PRESIDE AT ALL MEETINGS OF THE MEMBERS AND OF THE BOARD OF DIRECTORS. HE SHALL BE AN EX OFFICIO MEMBER OF ALL THE STANDING COMMITTEES, INCLUDING THE EXECUTIVE COMMITTEE, IF ANY, AND SHALL HAVE THE GENERAL POWERS AND DUTIES OF MANAGEMENT USUALLY VESTED IN THE OFFICE OF THE PRESIDENT OF A CORPORATION, AND SUCH OTHER POWERS AND DUTIES AS MAY BE PRESCRIBED BY THE BOARD OF DIRECTORS OR THESE BY-LAWS.

**SECTION 9. VICE PRESIDENT.** THE VICE PRESIDENT SHALL ACT IN THE PLACE 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.

**SECTION 10. SECRETARY.** THE SECRETARY SHALL KEEP OR CAUSE TO BE KEPT, AT THE PRINCIPAL OFFICE OR SUCH OTHER PLACE AS THE BOARD OF DIRECTORS MAY ORDER, A BOOK OF MINUTES OF ALL MEETINGS OF DIRECTORS AND MEMBERS, OR A DUPLICATE THEREOF, 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 NUMBER OF MEMBERSHIPS PRESENT OR REPRESENTED AT MEMBERS' MEETINGS, AND THE PROCEEDINGS THEREOF.

THE SECRETARY SHALL KEEP OR CAUSE TO BE KEPT, IN ANY FORM PERMITTED BY LAW, AT THE PRINCIPAL OFFICE OR SUCH OTHER PLACE AS THE BOARD OF DIRECTORS MAY ORDER, A MEMBERSHIP REGISTER, OR A DUPLICATE THEREOF, SHOWING THE NAMES OF THE MEMBERS AND THEIR ADDRESSES, THE DESCRIPTION AND NUMBER OF LOTS, IF MORE THAN ONE, UPON WHICH SUCH MEMBERSHIP IS BASED, THE NUMBER AND DATE OF MEMBERSHIP CERTIFICATES ISSUED, AND THE NUMBER AND DATE OF CANCELLATION OF MEMBERSHIP CERTIFICATES SURRENDERED FOR CANCELLATION.

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 THESE BY-LAWS OR BY LAW TO BE GIVEN, AND SHALL KEEP THE SEAL OF THE CORPORATION IN SAFE CUSTODY,

AND SHALL HAVE SUCH OTHER POWERS AND PERFORM SUCH OTHER DUTIES AS MAY BE PRESCRIBED BY THE BOARD OF DIRECTORS, THE PRESIDENT OR THESE BY-LAWS.

**SECTION 11. 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 CORPORATION, INCLUDING ACCOUNTS OF ITS ASSETS, LIABILITIES, RECEIPTS, DISBURSEMENTS, GAINS OR LOSSES. THE BOOKS OF ACCOUNT SHALL AT ALL TIMES BE OPEN TO INSPECTION BY ANY DIRECTOR.

THE TREASURER SHALL DEPOSIT ALL MONEYS AND OTHER VALUABLES IN THE NAME OF AND TO THE CREDIT OF THE CORPORATION WITH SUCH DEPOSITORIES AS MAY BE DESIGNATED BY THE BOARD OF DIRECTORS. HE SHALL DISBURSE THE FUNDS OF THE CORPORATION AS MAY BE ORDERED BY THE BOARD OF DIRECTORS, SHALL RENDER TO THE PRESIDENT AND DIRECTORS, WHENEVER THEY REQUEST IT, AN ACCOUNT OF ALL HIS TRANSACTIONS AS TREASURER AND OF THE FINANCIAL CONDITION OF THE CORPORATION, AND SHALL HAVE SUCH OTHER POWERS AND PERFORM SUCH OTHER DUTIES AS MAY BE PRESCRIBED BY THE BOARD OF DIRECTORS, THE PRESIDENT OR THESE BY-LAWS.

## **ARTICLE VIII**

### **ASSESSMENTS**

AS MORE FULLY PROVIDED IN THE DECLARATION, EACH MEMBER IS OBLIGATED TO PAY TO THE CORPORATION 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 SIX PERCENT (6%) PER ANNUM, AND THE ASSOCIATION MAY BRING AN ACTION AT LAW AGAINST THE OWNER 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 NON-USE OF THE COMMON AREA OR ABANDONMENT OF HIS LOT.

## **ARTICLE IX**

### **COMMITTEES**

THE BOARD OF DIRECTORS SHALL APPOINT AN ARCHITECTURAL REVIEW COMMITTEE, AS PROVIDED IN THE DECLARATION, AND A NOMINATING COMMITTEE AS PROVIDED IN THESE BY-LAWS. IN ADDITION, THE BOARD OF DIRECTORS SHALL APPOINT SUCH OTHER COMMITTEES AS ARE DEEMED APPROPRIATE IN CARRYING OUT ITS PURPOSE.

## **ARTICLE X**

### **BOOKS AND RECORDS**

THE BOOKS, RECORDS AND PAPERS OF THE ASSOCIATION SHALL AT ALL TIMES, DURING REASONABLE BUSINESS HOURS, BE SUBJECT TO INSPECTION BY ANY MEMBER. THE DECLARATION, THE ARTICLES OF INCORPORATION AND THE BY-LAWS OF THE ASSOCIATION

SHALL BE AVAILABLE FOR INSPECTION BY ANY MEMBER AT THE PRINCIPAL OFFICE OF THE ASSOCIATION, OR COPIES MAY BE PURCHASED AT A REASONABLE COST.

## **ARTICLE XI**

### **AMENDMENTS**

**SECTION 1.** THESE BY-LAWS MAY BE AMENDED AT A REGULAR OR SPECIAL MEETING OF THE MEMBERS OF THE ASSOCIATION, BY A VOTE OR WRITTEN ASSENT OF A MAJORITY OF THE MEMBERS ENTITLED TO VOTE IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE II, SECTION 4 AND SECTION 7 OF THESE BY-LAWS.

**SECTION 2.** 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.

## **ARTICLE XII**

### **MISCELLANEOUS**

**SECTION 1. RECORD DATE.** THE BOARD OF DIRECTORS MAY FIX A TIME IN THE FUTURE AS A RECORD DATE FOR THE DETERMINATION OF THE MEMBERS ENTITLED TO NOTICE OF AND TO VOTE AT ANY MEETING OF MEMBERS. THE RECORD DATE SO FIXED SHALL NOT BE MORE THAN THIRTY (30) DAYS OR LESS THAN FIFTEEN (15) DAYS PRIOR TO THE DATE OF THE MEETING. WHEN A RECORD DATE IS SO FIXED, ONLY MEMBERS OF RECORD ON THAT DATE SHALL BE ENTITLED TO NOTICE OF AND TO VOTE AT THE MEETING, NOTWITHSTANDING ANY TRANSFER OF OR ISSUANCE OF MEMBERSHIP CERTIFICATES ON THE BOOKS OF THE CORPORATION AFTER THE RECORD DATE.

**SECTION 2. CHECKS AND DRAFTS.** 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 CORPORATION 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 ACCOUNTING.** THE CORPORATION SHALL PROVIDE FOR AN ANNUAL INDEPENDENT EXAMINATION OR AUDIT OF THE ACCOUNT OR ACCOUNTS OF THE CORPORATION AND FOR A COPY OF SUCH REPORT TO BE AVAILABLE TO EACH LOT OR UNIT OWNER WITHIN THIRTY (30) DAYS OF COMPLETION.

**SECTION 4. EXECUTION OF CONTRACTS.** THE BOARD OF DIRECTORS, EXCEPT AS MAY BE OTHERWISE PROVIDED IN THESE BY-LAWS, THE ARTICLES OF INCORPORATION OR DECLARATION, MAY AUTHORIZE ANY OFFICER OR OFFICERS, AGENT OR AGENTS, TO ENTER INTO CONTRACT OR EXECUTE ANY INSTRUMENT OR DOCUMENT IN THE NAME OF AND ON BEHALF OF THE CORPORATION AND SUCH AUTHORITY MAY BE GENERAL OR CONFINED TO SPECIFIC INSTANCES. UNLESS OTHERWISE SPECIFICALLY DETERMINED BY THE BOARD OF DIRECTORS OR OTHERWISE REQUIRED BY LAW, FORMAL CONTRACTS, PROMISSORY NOTES AND OTHER EVIDENCES OF INDEBTEDNESS, DEEDS OF TRUST, MORTGAGES AND OTHER CORPORATE INSTRUMENTS OR DOCUMENTS REQUIRING THE CORPORATE SEAL, SHALL BE EXECUTED, SIGNED OR ENDORSED BY THE PRESIDENT (OR ANY VICE PRESIDENT) AND BY THE SECRETARY (OR ANY ASSISTANT SECRETARY) OR THE TREASURER. THE BORROWING OF MONEY, DEDICATING, ASSIGNING, TRANSFERRING ANY PART OF THE COMMON AREA TO A PUBLIC AUTHORITY OR AGENCY, AND THE PARTICIPATING IN ANY CORPORATION MERGER

SHALL REQUIRE THE ASSENT OF AT LEAST TWO-THIRDS (2/3RDS) OF EACH CLASS OF MEMBERS.

**SECTION 5. LIMITATION OF POWERS.** NO MANAGEMENT SERVICE CONTRACT SHALL BE ENTERED INTO WITH THE DECLARANT WHICH BINDS THE CORPORATION AND ITS BOARD OF DIRECTORS FOR A PERIOD IN EXCESS OF ONE (1) YEAR WITHOUT REASONABLE CANCELLATION PROVISIONS INCLUDED THEREIN, EXCEPT WITH THE APPROVAL OF A MAJORITY OF THE CLASS A MEMBERS OF THE ASSOCIATION.

### **CERTIFICATE OF SECRETARY**

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

1, I AM THE DULY ELECTED AND ACTING SECRETARY OF LAURELWOOD HOMEOWNERS ASSOCIATION, A CALIFORNIA NONPROFIT CORPORATION; AND

2. THE FOREGOING BY-LAWS COMPRISING 22 PAGES, (AS ORIGINALLY TYPED) INCLUDING THIS PAGE, CONSTITUTE THE BY-LAWS OF THE CORPORATION DULY ADOPTED AT THE MEETING OF THE BOARD OF DIRECTORS THEREOF DULY HELD ON DECEMBER 11, 1972.

IN WITNESS WHEREOF, I HAVE HEREUNTO SUBSCRIBED MY NAME AND AFFIXED THE SEAL OF THE CORPORATION THIS 11<sup>TH</sup> DAY OF DECEMBER, 1972.

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SECRETARY

(SEAL)