

BY-LAWS OF
CYPRESS HOME OWNERS ASSOCIATION

ARTICLE 1

DEFINITIONS

Section 1. The following words, when used herein (unless the context shall prohibit) shall have the following meanings:

- (a) "Association" shall mean and refer to all of the HOME OWNERS ASSOCIATION;
- (b) "The Properties" shall mean and refer to all of the real property contained within Tract No. 5685 as per map recorded in Book 208, pages 23 and 24, inclusive, of Miscellaneous Maps in the office of the County Recorder of Orange County, California, and additions thereto which may be made subject to the provisions hereof;
- (c) "Common Properties" shall mean and refer to those areas of land shown on any recorded subdivision map of The Properties and intended to be devoted to the common use and enjoyment of the Owners of The Properties;
- (d) "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 Properties as heretofore defined;
- (e) "Dwelling Unit" shall mean and refer to any portion of a building designed and intended for use and occupancy as a residence by a single family;
- (f) "FHA" shall mean the FEDERAL HOUSNG ADMINISTRATION;
- (g) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or Dwelling Unit situated upon the Properties, but, notwithstanding any applicable theory of the Mortgage, shall not mean or refer to the Mortgagee unless and until such Mortgagee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure;
- (h) "Mortgage" shall mean the conveyance of any Lot or other portion of The Properties to secure the performance of an obligation, which conveyance shall be void upon the due performance of said obligation;
- (i) "Mortgagee" shall mean a person or entity to whom a Mortgage is made;
- (j) "Mortgagor" shall mean a person or entity who mortgages his or its property to another, i.e., the maker of a Mortgage;
- (k) Wherever the word "Deed of Trust" is used herein, it shall mean and be synonymous with the word "Mortgage" and the same may be used interchangeably with the same meaning; and likewise the word "Trustor" shall be synonymous with the word "Mortgagor"; and the word "Beneficiary" shall be synonymous with the word "Mortgagee."

- (l) "Declaration" shall mean that certain Declaration of Covenants and Restrictions to which The Properties are subject, recorded on February 19, 1965, as Document No. 13519, Official Records, Orange County, California (Book 7417, Page 207), and any amendments thereto which may hereafter be made and recorded; and
- (m) "Declarant" shall mean that person or entity described in the aforementioned "Declaration" as the "Declarant."

ARTICLE II

LOCATION

Section 1. The principal office of the Association shall be located at Cypress, California, or such other place as the Board of Directors shall from time to time designate.

ARTICLE III

MEMBERSHIP

Section 1. Every person or entity who is a record owner of any Lot which is part of The Properties and which is subject by covenants of record to assessment by this Association shall 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.

Section 2. The rights of membership are subject to the payment of annual and special assessments levied by the Association, the obligation of which assessments is imposed against each owner of and becomes a lien upon the property against which such assessments are made as provided by Article IV of the Declaration to which The Properties are subject.

Section 3. The membership rights of any person whose interest in The Properties is subject to assessments under Article III, Section 2, whether or not he be personally obligated to pay such assessments, may be suspended by action of the directors during the period when the assessments 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 Properties and the personal conduct of any person thereon, as provided in Article VII, Section 3, and if a member has violated such rules and regulations, the directors shall give such member a three-day written notice of hearing thereon. If at such hearing a majority of the directors determine that such member has violated the rules and regulations, they may, in their discretion, suspend the rights of such member to the recreational facilities of the project for a period not to exceed thirty (30) days. Upon such determination the member may appeal to the entire membership by giving them a written three-day notice of the time and place such hearing and suspension shall not become effective until a determination has been made by the membership. If at such hearing, which shall be conducted like any meeting of the members, a majority of the members present determine that such member has violated the rules and regulations, the suspension shall become effective as of that date, subject to such modifications as the members may, in their discretion, impose, but in no event shall any suspension be for a period in excess of thirty (30) days.

ARTICLE IV
VOTING RIGHTS

Section 1. The association shall have only one class of voting membership. Members shall be entitled to one vote for each Lot in which they hold the interests required for membership by Article III. When more than one person holds such interest of 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.

ARTICLE V
PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT

Section 1. Each member shall be entitled to the use and enjoyment of the Common Properties as provided in the Declaration and by the dedication set forth in that certain Final Subdivision Map of Tract No. 5685 recorded on November 23, 1964, in the office of the County Recorder, Orange County, California, subject to all of the provisions appearing therein as well as:

- (1) The right of the Declarant in the Declaration and/or of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving the above described Common Properties, and in aid thereof, to mortgage the same, and the rights of such Mortgagee in the Common Properties shall be superior to the rights of the Owners hereunder; and
- (2) The right of the Association to take such steps as are reasonably necessary to protect the Common Properties against foreclosure; and
- (3) The right of the Association, as provided in its Articles and By-Laws to suspend the rights and privileges of any member for any period during which any assessment (to which his interest is subject) remains unpaid: and for a period of not to exceed thirty (30) days for each infraction of its published rules and regulations; and
- (4) The right of the Association to charge reasonable admission and other fees for the use of any facility situated upon the above described Common Properties; and
- (5) The right of the Association, with the assent of two-thirds (2/3) of the Owners, as further specified in the Articles and these By-Laws and in the Covenants and Restrictions applicable to The Properties to dedicate the above described Common Properties to the general public use.

Section 2. Any member may delegate his rights of enjoyment in the Common Properties to the members of his family who reside upon The Properties or 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 and of the relationship of the member to

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

ARTICLE VI

ASSOCIATION PURPOSES AND POWERS

SECTION 1. The Association has been organized for the following purposes:

The Association does not contemplate pecuniary gain or profit direct or indirect, to its members. The purposes for which it is formed are:

To promote the health, safety and welfare of the residents in The Properties and such additions thereto as may hereafter be brought within the jurisdiction of this Association by annexation as provided in Section 2 of this Article, herein referred to as "The Properties", and for this purpose, in addition to any other duties or obligations of the Association set forth in said Covenants and Restrictions, to:

- (a) Own, acquire, build, operate and maintain recreation parks, playgrounds, swimming pools, golf courses, commons, streets, footways including buildings, structures and personal properties referred to as the "Common Properties";
- (b) provide garbage and trash collection;
- (c) provide fire and police protection;
- (d) maintain lands and trees;
- (e) supplement municipal services;
- (f) fix assessments (or charges) to be levied against The Lots;
- (g) enforce any and all covenants, restrictions and agreements applicable to The Properties;
- (h) pay taxes, if any, on the Common Properties; and
- (i) insofar as permitted by law, to any other thing that, in the opinion of the Board of Directors, will promote the common benefit and enjoyment of the residents of The Properties.

Section 2. The Association may, at any time, annex additional residential and common properties to The Properties described in Section 1 of this Article, and so add to its membership under the provision of Article III; provided that, any such annexation either be approved by the Board of Directors of the Association as provided in the Declaration, or shall have the assent of two-thirds (2/3) of all votes entitled to be cast by members voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be given to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 3. To the extent permitted by law, the Association may participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, provided that any such merger or consolidation shall have the assent of two-thirds (2/3) of all votes entitled to be cast by members voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be given to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 4. The Association shall have power to mortgage its real estate for the purpose of making improvements thereon, provided that any such mortgage shall have the assent of two-thirds (2/3) of all votes entitled to be cast by members voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be given to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 5. The Association shall have power to dedicate any of its property to an appropriate public authority for public use, provided that any such dedication shall have the assent of two-thirds (2/3) of all votes entitled to be cast by members voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be given to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 6. The Association shall not incur debts in any fiscal year which shall in the aggregate exceed debts of the aggregate expenditures of the Association in the preceding fiscal year unless two-thirds (2/3) of the members shall assent in the same manner as in the subparagraph immediately preceding.

ARTICLE VII

DIRECTORS AND MEETINGS

Section 1. The appointment and election of directors and their meetings shall be governed by Chapter 3 of Part 1 of Division 2 of the Corporations Code of the State of California, and in addition thereto the number of directors of the Association shall be five (5). Directors shall be elected or removed by cumulative vote of the members. The number of directors may be increased or decreased from time to time (but in no event shall there ever be less than five (5) directors), by the amendment of these By-Laws by the members as hereinafter provided in Article XIV, or by an amendment to the Articles of Incorporation.

Section 2. Vacancies in the Board of Directors shall be filled by a majority of the remaining directors, any such appointed director will hold office until his successor is elected by the members, who may make such election at the next annual meeting of the members or any special meeting duly called for that purpose.

Section 3. The Board of Directors shall have power:

- (a) To call special meetings of the members whenever it deems necessary and it shall call a meeting at any time upon written request of those persons or entities entitled to cast one-fifth (1/5) of the votes.
- (b) To appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation, and require of them such

security or fidelity bond as it may deem expedient. Nothing contained in these By-Laws shall be construed to prohibit the employment of any member, officer or director of the Association in any capacity whatsoever;

- (c) To establish, levy and assess, and collect the assessments or charges referred to in Article III, Section 2;
- (d) To adopt and publish rules and regulations governing the use of the Common Properties and the personal conduct of the members and their guests thereon;
- (e) To exercise for the Association all powers, duties and authority vested in or delegated to this Association; and
- (f) In the event that any member of the Board of Directors of this Association shall be absent from four (4) consecutive regular meetings of the Board of Directors, the Board may, by action taken at the meeting during which said fourth absence occurs, declare the office of said absent director to be vacant.

Section 4. It shall be the duty of the Board of Directors:

- (a) to cause to be kept a complete record of all of 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 is requested in writing by those persons or entities entitled to cast one-fifth (1/5) of the votes;
- (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 Article IV of the aforesaid Declaration of Covenants and Restrictions:
 - (1) To fix the amount of the assessment against each Lot for each assessment period at least thirty (30) days in advance of such date or period, and, at the same time;
 - (2) To 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 member, and, at the same time;
 - (3) To send written notice of each assessment to every owner subject thereto; and
- (d) To issue or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid. Such certificate shall be conclusive evidence of any assessment therein stated to have been paid.

Section 5. No director shall receive any compensation for the services rendered as a director to the Association. However, directors shall be reimbursed for any expenditure incurred in connection with the business of the Association.

Section 6. The Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

Section 7. A regular meeting of the Board of Directors shall be held on the first Tuesday of each month at 8:00 o'clock P.M., provided that the Board of Directors may, by resolution, change the day and hour of holding such regular meeting.

Section 8. Notice of such regular meeting is hereby dispensed with. If the day for the regular meeting shall fall upon a holiday, the meeting shall be held at the same hour on the first day following which is not a holiday, and no notice thereof need be given.

Section 9. Special meetings of the Board of Directors shall be held when called by the President or the Secretary of the Association or by any two directors after not less than three (3) days' notice to each director.

Section 10. The transaction of any business at any meeting of the Board of Directors, however called and noticed, or wherever held, shall be as valid as though made at a meeting duly held after regular call and notice if a quorum is present and if, either before or after the meeting, each of the directors not present sign 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 and made a part of the minutes of the meeting.

Any action required or permitted to be taken by the Board of Directors by law, according to the Articles of Incorporation or according to these By-Laws 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 have the same force and effect as a unanimous vote of such directors.

Section 11. The majority of the Board of Directors shall constitute a quorum thereof.

ARTICLE VIII

MEETING OF MEMBERS

Section 1. The meetings of the members of this Association shall be governed by the provisions of Chapter 4 of part 1 of Division 2 of the Corporations Code of the State of California, and in addition thereto: the first annual meeting of the membership shall be held within thirty (30) days after Declarant has constructed and conveyed, to owners, dwelling units on seventy-five percent (75%) of the Lots within The Properties upon which dwelling units are planned or within one (1) year from the date of the first sale and recordation of a conveyance of a Lot, whichever is sooner. Thereafter, the annual meetings of the members shall be held on the first Tuesday of January of each year, or in the event that day is a legal holiday, on the first Tuesday thereafter which is not a legal holiday, at the hour of 8:00 o'clock P.M. At such meeting there shall be elected by ballot of the members a Board of Directors in accordance with the requirements of Article VII of these By-Laws. The members may also transact such other business of the Association as may properly come before them.

Section 2. Special meetings of the members for any purpose may be called at any time by the President, the Vice President, the Secretary or Treasurer, or by any two or more members of

the Board of Directors, or upon written request of the members who have a right to vote one-fifth (1/5) of all the votes of the entire membership.

Section 3. Notice of annual and special meetings shall be given in writing to the members by the Secretary. Notice may be given to the members either personally, or by sending a copy of the notice through the mail, postage thereon fully prepaid, to his address appearing on the books of the Association. Each member shall register his address with the Secretary, and notices of meetings shall be mailed to him at such address. Notice of any meeting, annual or special, shall be given or sent at least seven (7) days in advance of the meeting and shall set forth the date, place and hour of the meeting, and, in the case of a special meeting, the general nature of the business to be transacted provided, however, that if the business of any meeting shall involve any change in the basis or amount of assessments set forth in Article IV of the aforesaid Declaration of Covenants and Restrictions to which The Properties are subject, or any special assessments therein authorized, notice of such meeting shall be given or sent as therein provided.

Section 4. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, in excess of fifty percent (50%) of the votes of the entire membership shall constitute a quorum for any action governed by these By-Laws, and a majority of the voting members present shall prevail at such meeting. Any action governed by the Articles of Incorporation or by the covenants applicable to The Properties shall require a quorum as therein provided.

ARTICLE IX

OFFICERS

Section 1. The officers shall be a President, a Vice President, a Secretary, a Treasurer, and such other officers as the Board of Directors may deem necessary. Any person may hold more than one office. The President, Vice President and Secretary shall be members of the Board of Directors.

Section 2. The officers shall be chosen by majority vote of the Board of Directors.

Section 3. All officers shall hold office during the pleasure of the Board of Directors.

Section 4. The President shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board of Directors are carried out, and sign all notes, checks, leases, mortgages, deeds and all other written instruments.

Section 5. The Vice President shall perform all duties of the President in his absence.

Section 6. The Secretary shall be ex-officio the Secretary of the Board of Directors, shall record the votes and keep the minutes of all proceedings in a book to be kept for the purpose. He shall keep all certificates of membership. He shall keep the records of the Association. He shall record in a book kept for that purpose the names of all members of the Association together with the addresses as registered by such members (See Article IX, Section 3).

Section 7. 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; provided, however, that a resolution of the Board of Directors shall not be necessary

for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board. The Treasurer shall sign all checks and notes of the Association, provided that such checks and notes shall also be signed by the President or Vice President.

Section 8. The Treasurer shall keep proper books of account and cause an annual audit of the Association's books to be made by a certified public accountant at the completion of each fiscal year. He shall prepare an annual budget and an annual balance sheet statement and the budget and balance sheet statement shall be presented to the membership at the regular annual meeting.

ARTICLE X

EXECUTIVE AND OTHER COMMITTEES

Section 1. The Board of Directors may appoint an executive committee, and such other committees as may be necessary from time to time, consisting of such number of its members and with such powers as it may designate, consistent with the Articles of Incorporation and these By-Laws and the General Corporation Laws of the State of California. Such committees shall hold office at the pleasure of the Board.

ARTICLE XI

BOOKS AND RECORDS

Section 1. The books, records and papers of the Association shall be kept at the principal place of business of the Association, and shall at all times, during reasonable business hours, be subject to the inspection by any member.

Section 2. The Board of Directors shall cause annual independent audits to be made and shall cause the delivery of copies thereof to be made to the members as provided by Sections 3006-3012 of the Corporations Code of California. The Board of Directors shall cause such annual reports to be sent to the members not later than one hundred and twenty (120) days after the close of the fiscal or calendar year, or thirty (30) days after the completion of such reports, whichever is sooner.

ARTICLE XII

PROXIES

Section 1. At all corporate meetings of members, such member may vote in person or by proxy.

Section 2. All proxies shall be in writing and filed with the Secretary. No proxy shall extend beyond a period of eleven (11) months, and every proxy shall automatically cease upon sale or conveyance (whether by operation of law or otherwise) by the member of his Lot or other interest in The Properties.

ARTICLE XIII
CORPORATE SEAL

Section 1. The Association shall have a seal in circular form having within its circumference the name of the Association, its date of incorporation and such other matter as may be required by the laws of the State of California.

ARTICLE XIV
AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the members, by a vote of not less than seventy-five percent (75%) of all votes entitled to be cast in person or by proxy, provided that:

- (a) These provisions of these By-Laws which are governed by the Articles of Incorporation of this Association may not be amended except as provided in the Articles of Incorporation or applicable law;
- (b) Any matter stated herein to be or which is in fact governed by the aforesaid Covenants and Restrictions applicable to The Properties may not be amended except as provided in such Covenants and Restrictions; and
- (c) The Federal Housing Administration shall have the right and power to prohibit and veto amendments to the Articles of Incorporation of the Association and these By-Laws until seventy-five percent (75%) of the Lots are sold to and occupied by bona fide owners thereof, or within one (1) year from the date of the first sale and recordation of a conveyance of a Lot, whichever is sooner. The seventy-five percent (75%) shall exclude those improved owner-occupied Lots which may be in the control of the Declarant or any affiliated organization.

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 aforesaid Covenants and Restrictions applicable to The Properties referred to in Section 1 and these By-Laws, the Covenants and Restrictions shall control.

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, being all of the persons appointed in the Articles of Incorporation to act as the first Board of Directors of CYPRESS HOME OWNERS ASSOCIATION, a California corporation, hereby assent to the foregoing By-Laws, and adopt the same as the By-Laws of said Association.

IN WITNESS WHEREOF, we have hereunto set our hands this 19th day of February 1965.

LAWRENCE WEINBERG
LAWRENCE WEINBERG

LEE J. GOLDIN
LEE J. GOLDIN

BERNARD H. MOORE
BERNARD H. MOORE

WILLIAM WEINBERG
WILLIAM WEINBERG

JOHN STANLEY
JOHN STANLEY

DIRECTORS

THIS IS TO CERTIFY:

That I am the duly elected, qualified and acting Assistant Secretary of CYPRESS HOME OWNERS ASSOCIATION, a California corporation, and that the above and foregoing By-Laws were adopted as the By-Laws of said Association on the 19th date of February 1965, by the persons appointed in the Articles of Incorporation to act as the first directors of said Association.

IN WITNESS WHEREOF, I have hereunto set my hand this 19th date of February 1965.

BERNARD H. MOORE
BERNARD H. MOORE

Assistant Secretary