

BY-LAWS

of

HUNTINGTON CONTINENTAL TOWNHOUSE ASSOCIATION, INC.

Article I. Name and Location of Corporation

The name of this corporation is Huntington Continental Townhouse Association, Inc. (sometimes hereinafter referred to as the Association). The first principal office of the Association shall be 19801 Brookhurst Street, Huntington Beach, California. The Association may change the location of the principal office and also have offices at such other places as the Board of Directors may, from time to time, designate.

Article II. Eligibility for Membership

Membership in the Association shall be limited to owners of record of parcels consisting of portions of lots within Tract No. 4416 (sometimes hereinafter referred to as the Subdivision) upon which dwelling units are constructed or planned to be constructed. One membership in the Association shall be issued to the owner of record of each parcel upon which any dwelling unit is constructed and conveyed by Kaufman and Broad Homes, Inc.

In the event any such parcel is owned by two or more persons, whether by joint tenancy, tenancy in common, or otherwise, the membership as to such parcel shall be joint and a single membership for such parcel shall be issued in the names of all and they shall designate to the Association in writing at the time of issuance, one of their number who shall hold the membership and have the power to vote said membership. No membership shall be issued to any other person or persons except as they may be issued in substitution for outstanding memberships assigned to new owners of record or as hereinafter provided.

Article III. Meetings of Members

Section 1. Place of Meetings. Meetings of the membership shall be held at the principal office or other offices of the Association or at such other suitable place convenient to the membership as may be designated by the Board of Directors.

Section 2. Annual Meetings. The first annual meeting of the membership shall be held within sixty days after the Developer has constructed and conveyed dwelling units of fifty-one per cent (51%) of the parcels within the Subdivision upon which dwelling units are planned or within one year from the date of incorporation of the Association, whichever is sooner. Thereafter, the annual meeting of the members shall be held on an appropriate day in January selected by the Board of Directors. At such meeting there shall be elected by ballot of the members a Board of Directors in accordance with the requirements of Article IV of these By-Laws. The members may also transact such other business of the Association as may properly come before them.

Section 3. Special Meetings it shall be the duty of the President to call a special meeting of the members as directed by resolution of the Board of Directors or upon a petition signed by twenty per cent (20%) of the members having been presented to the Secretary. The notice of any special meeting shall state time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths of the members present, either in person or by proxy.

Section 4. Notice of Meetings. It shall be the duty of the President, or upon his failure or neglect, then the Secretary or any officer or member, to mail notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each member of record or at his address as it appears on the membership of the Association,

or if no such address appears, at his last known place of address, or hand deliver said notice to said member, at least five days prior to such meeting. The mailing or hand delivering of the notice in the manner prescribed in this section shall be considered notice served.

Section 5. Quorum. The presence, either in person or by proxy, of at least twenty-five per cent (25%) of the membership of record of the Association shall be requisite for and shall constitute a quorum for the transaction of business of all meetings of members.

Section 6. Adjourned Meetings. If any meeting of members cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than thirty days from the time the meeting was called.

Section 7. Voting. At every meeting of the members, each member present, either in person or by proxy, shall have the right to cast one vote on each question. A member owning more than one parcel shall be entitled to one vote for each of said parcels. The vote of the majority of such members shall decide any question brought before such meeting: unless the question is one upon which, by express provision of statute or the Articles of Incorporation or these By-laws, a different vote is required, in which case such express provision shall govern and control.

Vote on Association business shall accord to the terms of the vote in conformity with the By-laws. Vote of all non-resident Owners shall not be entitled to any greater weight than 49% of the total vote expressed on the pending matter. [Amendment passed January 29, 1972]

Section 8. Proxies. A member may appoint only his or her spouse or any joint owner of his parcel or any other member of the Association as a proxy. Any proxy must be filed with the Secretary before the appointed time of each meeting, or upon the calling of the meeting to order.

Section 9. Order of Business. The order of business of all meetings of members shall be as follows: (a) roll call; (b) request for the filing of proxies; (c) proof of notice of meeting or waiver of notice; (d) reading of minutes of preceding meeting; (e) reports of officers; (f) reports of committees; (g) election of inspectors of election; (h) election of directors; (i) unfinished business; (j) new business.

Section 10. Conduct of the Meetings. Roberts Rules of Order, revised, shall govern the conduct of all meetings, except as may be otherwise provided in these By-Laws.

#### Article IV. Directors

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of seven persons, each of whom shall be a member of the Association. Members of the Board of Directors must be full-time residents of Tract 4416.

Section 2. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these By-Laws directed to be exercised and done by the members. The powers of the Board of Directors shall include, but not be limited to, all of the rights and duties of the Board of Directors as set forth elsewhere in these By-Laws, in the Articles of Incorporation and in the property restriction applicable to the Subdivision,

and shall also include the power to promulgate such rules and regulations pertaining to such rights and duties as may be deemed proper and which are consistent with the foregoing.

Section 3. Election and Term of Office. The term of the Directors named in the Articles of Incorporation shall be until the First Annual Membership Meeting or until their successors are duly chosen and qualified. Their successors shall be elected at the first annual meeting of the members or at any special meetings to be held prior to the first annual meeting shall be called only as directed by resolution of the Board of Directors. Upon the construction and conveyance of dwelling units of fifty-one per cent (51%) of the parcels of said Subdivision upon which dwelling units are planned the terms of office of all members of the Board of Directors of the Association shall cease and terminate at the date of the first annual meeting of the members thereafter, and thereupon a new Board of Directors shall be elected by the members of the Association at such annual meeting or a special meeting of the members called for that purpose. At the expiration of the initial term of office of each Director, his successor shall be elected to serve a term of three years. The Directors shall hold office until their successors have been elected and hold the first meeting.

Section 4. Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the membership shall be filled by a vote of the majority of the remaining Directors; and each person so elected shall be a Director until a successor is elected by the membership at the next annual meeting, or special meeting called for this purpose.

Section 5. Removal of Directors. At any regular or special meeting of members duly called, any one or more of the Directors elected by the members may be removed with or without cause at any time by a vote of the majority of the entire membership of record 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.

Section 6. Compensation. No compensation shall be paid to Directors for their services as Directors. No remuneration shall be paid to a Director for services performed by him for the Association in any other capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the Board of Directors before the services are undertaken. A Director may not be an employee of the Association.

Section 7. Organization Meeting The first meeting of a newly-elected Board of Directors shall be held within ten (10) days of election at such time and place as shall be fixed at the meeting at which such Directors were elected, and no notice shall be necessary to the newly-elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 8. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. The Board of Directors shall hold at least one meeting open to the members of the Association not less frequent than each sixty (60) day period. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

Section 9. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days notice to each Director, given personally or by mail,

telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least three (3) Directors.

Section 10. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 11. Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice

Section 12. Fidelity Bonds. 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.

Article V. Officers.

Section 1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary, a Treasurer and an Assistant Secretary, all of whom shall be elected by and from the Board of Directors, except that any Assistant Secretary or Assistant Treasurer need not be elected from the Board of Directors. The offices of Secretary and Treasurer or Assistant Secretary and Assistant Treasurer may be filled by the same person. The Directors may appoint an additional Assistant Secretary and an Assistant Treasurer, and such other officers as In their judgment may be necessary.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the members and of the Board of Directors. He/She shall have all of the general powers and duties which are normally vested in the office of President of a corporation, including but not limited to the power to appoint committees from among the membership from time to time as he/she may, in his discretion, decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the



President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall, from time to time, be imposed upon him by the Board of Directors.

Section 6. Secretary. The Secretary or Assistant Secretary shall keep the minutes of all meetings of the Board of Directors and have the custody of the Seal of the Association. He shall have charge of the membership books and such other books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

Section 7. Treasurer. The Treasurer or Assistant Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may, from time to time, be designated by the Board of Directors.

Article VI. Powers, Rights and Duties of the Association and Members Thereof

The Association and its members shall have all the powers, rights and duties set forth in the Articles of Incorporation for the Association, those By-Laws, Rules and Regulations pursuant thereto, and recorded restrictions of the Subdivision, and as any of the same may be duly adopted or amended. The Association, through its Board of Directors, shall assign and reserve for each dwelling unit in said Subdivision one vehicular parking space upon the parking areas in said Subdivision owned or maintained by the Association, and adopt appropriate rules and regulations

for the control and enforcement of said assignment and reservation. No transfers of membership shall be made except as provided therein and no such transfer shall be made upon the books of the Association within ten days next preceding the annual meeting of the members.

There shall be a mandatory registering of all tenant-residents by the Owner with the Association Manager. All renter-tenants will be issued a copy of the rules and regulations pertaining to the Townhouses, which will include prohibiting pets. Violation of the rules can be cause for cancellation of the rental agreement or lease. If any Owner, his Tenants or Agent fails to comply with the Registration Rule, the Owner will be assessed up to but not more than \$25.00 on his maintenance payment due the month subsequent to the violation. [Passed January 29,1972]

#### Article VII. Corporate Seal

The Board of Directors shall provide a suitable corporate Seal containing the name of the Association, which Seal shall be in charge of the Secretary. If so directed by the Board of Directors, a duplicate of the Seal may be kept and used by the Treasurer or any Assistant Treasurer or Assistant Secretary.

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January every year, except that the first fiscal year of the Association shall begin at the date of incorporation. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should Association practice subsequently dictate.

Section 2. Books and Accounts Books and accounts of the Association shall be kept under the direction of the Treasurer and in accordance with the reasonable standards of

accounting procedure and prudence.

Section 3. Auditing. At the closing of each fiscal year, the books and records of the Association shall be audited by a Certified Public Accountant, whose report will be prepared and certified. Based on such reports the Association will furnish its members with a statement of the income and disbursements of the Association for each fiscal year.

Section 4. Inspection of Books. Financial reports, such as are required to be furnished, and the membership records of the Association shall be available at the principal offices of the Association for inspection at reasonable time by any members.

Section 5. Execution of Association Documents. With the prior authorization of the Board of Directors, all notes and contracts shall be executed on behalf of the Association by any two (2) officers of the Association, and all checks shall be executed on behalf of the Association by any two (2) officers of the Association.

Article IX. Amendments

These By-Laws may be amended by the affirmative vote of two-thirds of the members present or represented by proxy at any regular or special meeting, provided that a quorum, as prescribed in Section 5, Article III herein, is present at any such meeting. Amendments may be proposed by the Board of Directors or by petition signed or at least twenty per cent (20%) of the members. A statement of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment shall be voted upon. These By-Laws may not be amended insofar as such amendment would be inconsistent with the recorded restrictions of the Subdivision. Further, 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 fifty-one per cent (51%) of the parcels sold are occupied by bona fide owners of these properties. The fifty-one per cent (51%) shall exclude those improved owner-occupied parcels which may be in the control of the Developer or its organization.

Article X. Paint Program (Passed June 3, 1972)

No Board of Directors, either singly or collectively; no Architectural Committee, either singly or collectively, or Property Owner(s) shall, in the next ten years [1972-1982] have the power to change the exterior color scheme of the Huntington Continental Townhouse Association, Unit Inc. In the future, any such changes must be coordinated with the legal property owners at a Special Meeting for this purpose or at a regular Annual Meeting of the Association. Any color changes agreed to must be with the assistance of a licensed Architectural Color Coordinator.

RESOLUTION OF THE MEMBERS OF  
HUNTINGTON CONTINENTAL TOWNHOUSE  
ASSOCIATION, INC.  
A California Non-Profit Corporation  
APPROVING AND ADOPTING THE SECOND  
AMENDMENT OF ITS BY-LAWS.  
(Passed January 26, 1985)

WHEREAS, Article XI of the By-Laws of Huntington Continental Townhouse Association, Inc . provides in pertinent part that:

"These By-Laws may be amended by the affirmative vote of two-thirds of the members present or represented by proxy at any regular or special meeting, provided that a quorum, as prescribed in Section 5, Article III herein, is present at any such meeting."

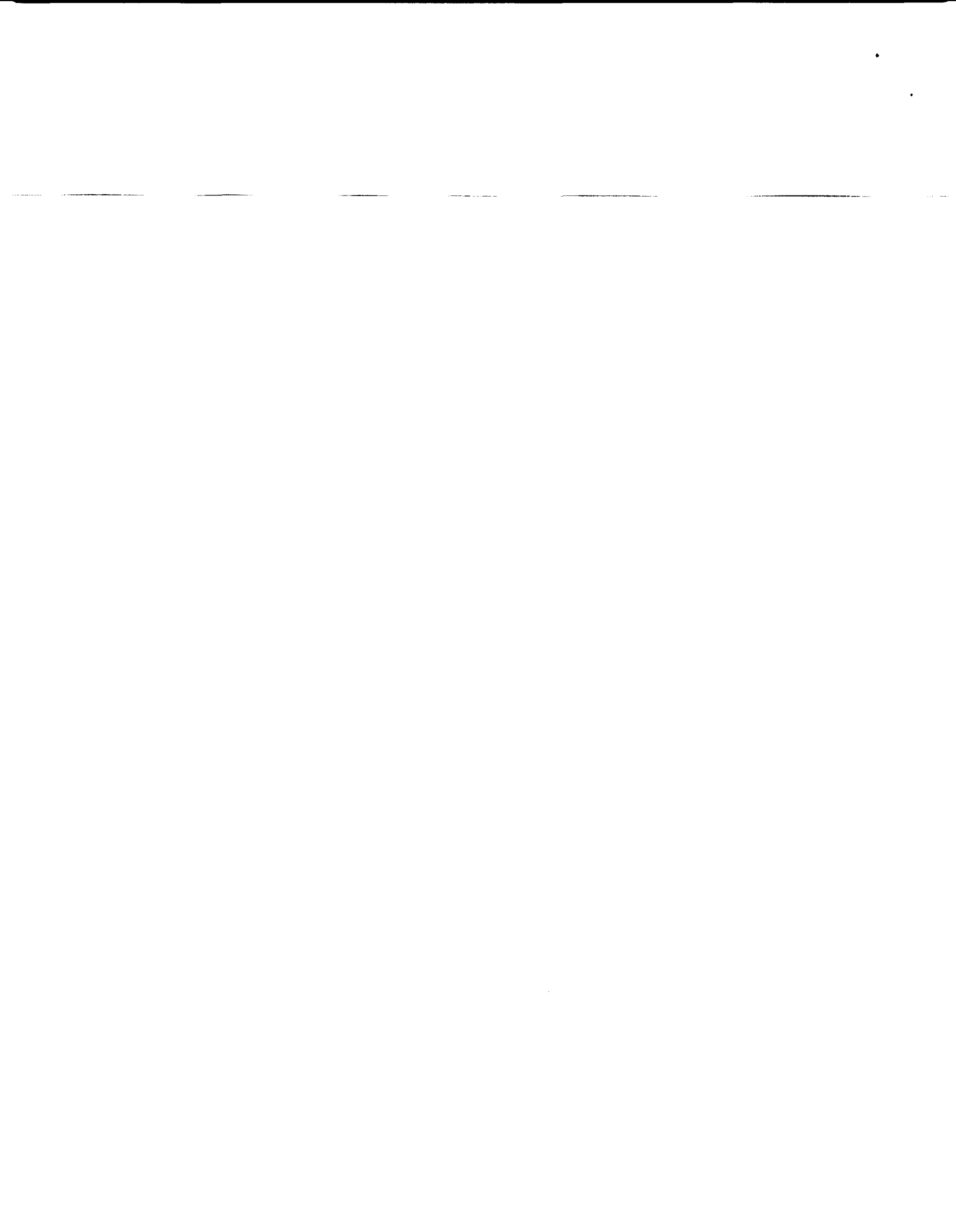
and

WHEREAS, the By-Laws of this corporation were previously amended by resolution adopted on January 29, 1972, and

WHEREAS, the requisite two-thirds of the members present or represented by proxy at a regular meeting held on January 26, 1985, deem it to be in the best interests of the Association to amend and adopt certain By-Laws, and to repeal other By-Laws as hereinafter set forth:

NOW THEREFORE, BE IT RESOLVED, that Article III, Section 2, of the By-Laws is hereby amended to read as follows

"Section 2. Annual Meeting. The first annual meeting of the



the vacancy created thereby shall be filled by a vote of the majority of the remaining Directors, and each person so elected shall be a Director until a successor is elected by the membership at the next annual meeting, or special meeting called for this purpose.”

BE IT FURTHER RESOLVED, that the present Article X of the By-Laws is hereby deleted in its entirety, and is replaced by a new Article X to read as follows

“If any installment of any assessment authorized under Paragraph 7 (d) of the Declaration of Restrictions for Huntington Continental Townhouse Association, Inc., is not paid within thirty (30) days from the date it becomes due, such installment shall be delinquent and the Association may, in addition to all other costs and charges, levy a late charge with respect to such delinquent installment in an amount not to exceed \$10.00 for each such delinquent payment.”

BE IT FURTHER RESOLVED, that the said By-Laws as herein amended shall continue in full force and effect with reference to the operation of this corporation.

Plaintiff's copy P

STATE OF CALIFORNIA



DEPARTMENT OF STATE

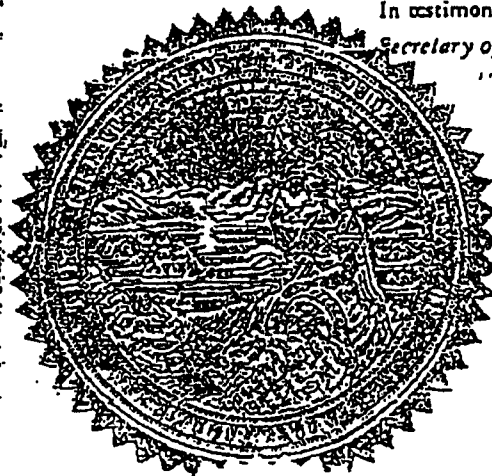
To all whom these presents shall come, Greetings:

I, FRANK M. JORDAN, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the RECORD on file in my office, of which it purports to be a copy, and that the same is full, true and correct.

In testimony whereof, I, FRANK M. JORDAN, Secretary of State, have hereunto caused the Great Seal of the State of California to be affixed and my name subscribed, at the City of Sacramento, in the State of California,

this.....JUN-3.....1963.....



Frank M. Jordan  
Secretary of State

By: [Signature]  
Assistant Secretary of State