

BY-LAWS
OF
ORCHARD LANE TERRACE HOMEOWNERS ASSOCIATION

ARTICLE I

NAME AND LOCATION

The name of the corporation is Orchard Lane Terrace Homeowners Association, hereinafter referred to as the "Association". The principal office of the corporation shall be located in Ventura County, California. The Board of Directors is hereby granted full power and authority to change said principal office from one location to another within Ventura County, California.

ARTICLE II

DEFINITIONS

Section 1.

"Association" shall mean and refer to Orchard Lane Terrace Homeowners Association, its successors and assigns.

Section 2.

"Common Area" shall mean that portion of the property which is owned in fee by the Association and the use and enjoyment of which is reserved for all of the Owners.

Section 3.

"Declarant" shall mean and refer to Fredricks Development Corporation, its successors and assigns.

Section 4.

"Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the project recorded in the Office of the Recorder for the County of Ventura, State of California, on February 5, 1976, in Book 4534 at Page 169.

Section 5.

"Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Project.

Section 6.

"Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

Section 7.

"Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to a Lot, but excluding those having such interest merely as security for the performance of an obligation.

Section 8.

"Project" shall mean and refer to that certain real property described in the Declaration, together with all structures and other improvements located or constructed thereon.

ARTICLE III

BY-LAWS APPLICABILITY

Section 1.

The provisions of these By-laws are applicable to the Project.

Section 2.

All present or future owners, tenants, future tenants, or their employees, or any other person that might use the facilities of the project in any manner, are subject to the regulations set forth in these By-laws.

The mere acquisition or the mere occupancy of any of the lots of the project will signify that these By-laws are accepted, ratified and will be complied with.

ARTICLE IV

VOTING, MAJORITY OF OWNERS, QUORUM AND PROXIES

Section 1. Voting.

The Association shall have two (2) classes of voting

membership as follows:

- (a) Class A members; and
- (b) Class B members.

Class A members shall be all the owners of lots within the project with the exception of Declarant and shall be entitled to one (1) vote for each lot owned. When more than one (1) person is the owner of a lot, all such persons shall be members. The vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any one (1) lot. The sole Class B member shall be the Declarant and it shall be entitled to three (3) votes for each lot owned. Class B membership shall cease and be converted to Class A membership as set forth in Article IV, Section 3(a) of the Declaration.

Section 2. Majority of Owners.

As used in these By-laws, the term "majority of owners" shall mean those owners holding fifty-one percent (51%) of the votes in accordance with the voting rights assigned in the Declaration.

Section 3. Quorum.

Except as otherwise provided in these By-laws, the presence in person or by proxy of owners entitled to cast

more than fifty percent (50%) of the total vote of all owners of the Association shall constitute a quorum. Unless otherwise expressly provided herein or in the Declaration, or amendments thereto, any action may be taken at any meeting of the Association upon the affirmative vote of a majority of the total votes present at such meeting in person or by proxy.

Section 4. Proxies

Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

Section 5. Cumulative Voting.

Every lot owner entitled to vote at any election for Directors of the Association may accumulate his votes and give one candidate a number of votes equal to the number of Directors to be elected and multiplied by the number of votes to which that owner is entitled as set forth in the Declaration and is entitled to distribute his votes on the same principle among as many candidates as he thinks fit.

ARTICLE V

ADMINISTRATION

Section 1. Association Responsibilities.

The owners of the lots will constitute the Association of owners which will have the responsibility of administering the project, approving the annual budget, establishing and collecting monthly assessments and arranging for the management of the project pursuant to an agreement containing the provisions relating to the duties, obligations, removal and compensation of a management agent. Except as otherwise provided, decisions and resolutions of the Association require approval by a majority of owners.

Section 2. Members Meetings and Location.

Meetings of the Association shall be held at the principal office of the Association, or such other suitable place within the County of Ventura, convenient to the owners as may be designated by the Board of Directors.

Section 3. Annual Meetings.

The first Annual Meeting shall be held not later than six (6) months after the sale of the first lot. Thereafter the Annual Meetings of the Association shall be held on the second Tuesday of the month of April, or in the event that that day is a legal holiday, on the next day thereafter which is not a legal holiday, of each succeeding year. At such meetings there shall be elected by ballot of the owners a Board of Directors in accordance with the requirements

of Section 5 of Article VI of these By-laws. The owners may also transact such other business of the Association as may properly come before them.

Section 4. Special Meetings.

It shall be the duty of the President to call a special meeting of the owners as directed by a resolution of the Board of Directors or upon a petition signed by twenty-five percent (25%) of the owners and having been presented to the Secretary. The notice of any special meetings shall state the time and the place of such a meeting and the purpose thereof. No business shall be transacted at the special meeting, except as stated in the notice unless by consent of four-fifths (4/5) of the owners present, either in person or by proxy.

Section 5. Notice of Meetings.

It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and the place where it is to be held, to each owner of record, at least ten (10) days, but not more than thirty (30) days prior to such meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served.

Section 6. Adjourned Meetings.

If any meeting of owners cannot be organized because

a quorum is not attended, the owners who are present, either in person or by proxy, may 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 at least twenty-five percent (25%):

Section 7. Order of Business.

The order of business at all meetings of the owners of lots shall be as follows:

- (a) Roll call;
- (b) Proof of Notice of Meeting or Waiver of Notice;
- (c) Reading of Minutes of Preceding Meeting;
- (d) Reports of Officers;
- (e) Report of Committees;
- (f) Election of Directors;
- (g) Unfinished Business; and
- (h) New Business.

Section 8. Action Without Meeting.

Any action, which under the provisions of the California Corporations Code may be taken at a meeting of the owners, may be taken without a meeting if authorized by a writing signed by all the owners who would be entitled to vote at a meeting for such purpose, and filed with the Secretary.

ARTICLE VI

DIRECTORS

Section 1. Number and Qualification.

The affairs of the Association shall be governed by a Board of Directors composed of five (5) persons, all of whom must be owners of lots in the project, except the first Directors.

Section 2. Powers and Duties.

The Board of Directors 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 these By-laws directed to be exercised by the owners. The powers of the Board of Directors shall include, but not be limited to, the following:

(a) Enforce the provisions of the Declaration of Covenants, Conditions, and Restrictions, By-laws, or other agreements;

(b) 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 or By-laws, fix their compensation and require from them security for faithful service;

(c) To conduct, manage and control the affairs

of business of the Association and to make such rules and regulations therefor not inconsistent with law, the Articles of Incorporation or the By-laws, as the Directors deem necessary for the proper management and operation of the Association;

(d) Contract for and pay for all insurance on the Common Area and the lots that is required by the Declaration.

(e) Contract for and pay for the cost of maintenance, gardening, utilities, materials and supplies and service relating to the Common Area and to employ personnel necessary for the operation of the project, including legal and accounting services;

(f) Pay taxes and special assessments which are, or would become a lien on the entire project or Common Area;

(g) Where appropriate (and subject to the terms of the Declaration regarding destruction), pay for reconstruction of any portion or portions of the Common Area damaged or destroyed which are to be rebuilt;

(h) To delegate its powers;

(i) Enter into any dwelling unit when necessary in connection with the maintenance or construction for which the Association is responsible;

(j) Suspend the voting privileges or suspend the use privileges of the recreational areas or Common

Area or assess monetary penalties against any owner by reason of any violation by an owner or a member of an owner's family, or lessee or sublessee or guest, of the Articles, By-laws, Declaration or Association rules adopted thereunder, provided, however, that any such suspension may not exceed a period of thirty (30) days for any one violation, and any such monetary penalty shall not exceed twenty-five dollars (\$25.00) for any one violation. Each suspended or fined owner shall have the right to appeal the action of the Board by filing with Board written notice of his intention to appeal to the owners. The action by the Board imposing the fine or suspension shall thereupon become ineffective until the suspension is thereafter approved by a majority of the owners at a duly called and held regular or special meeting and the owner to be fined or suspended shall have the right to appeal and to be heard at such regular or special meeting.

Section 3. Other Duties.

In addition to duties imposed by these By-laws and resolutions of the Association, the Board of Directors shall be responsible for the following:

- (a) Care, upkeep and surveillance of the project and facilities thereon;
- (b) Collection of the monthly and special assess-

ment from the owners; and

(c) Designation and dismissal of the personnel necessary for the maintenance and operation of the project and the facilities thereon.

Section 4. Management Agent.

The Board of Directors may employ for the Association a management agent at a compensation established by the Board to perform such duties and services as the Board shall authorize, including but not limited to, the duties listed in Section 3 of this Article.

Section 5. Election and Term of Office.

At the first Annual Meeting of the Association the term of office of two (2) Directors shall be fixed for two (2) years. The term of office of three (3) Directors shall be fixed at one (1) year. At the expiration of the limited term of office of each respective Director, his successor shall be elected to serve a term of two (2) years. Directors, unless removed, shall hold office until their respective successors are elected and hold their first meeting. In any vote for the election or removal of more than one (1) Director, members shall be entitled to accumulate their votes.

Section 6. Vacancies.

Vacancies in the Board of Directors caused by any

reason other than a removal of the Director by the vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be Director until a successor is elected at the next Annual Meeting of the Association.

Section 7. 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 owners and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting. If more than one Director is to be removed at any one time, each owner may accumulate his votes and vote against one or more of the Directors in a number of votes equal to the number of lots owned by the owner, multiplied by the number of Directors sought to be removed.

Section 8. Organizational Meeting.

The first meeting of the newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors 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 9. Regular Meeting.

Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by majority of the Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of the 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 10. 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 the like manner and like notice on the written request of at least three (3) Directors.

Section 11. 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 waiver of notice by him of the time and place thereof. If all Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 12. Board of Directors 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 regarded as the acts of the Board of Directors.

Section 13. Action Without 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 though taken at a meeting of Directors.

Section 14. Fidelity Bonds.

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

ARTICLE VII

OFFICERS

Section 1. Designation.

The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of which shall be elected by the Board of Directors. The Directors may appoint an Assistant Treasurer, an Assistant Secretary, 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 chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all

the general powers and duties which are usually vested in the office of the President of an Association, including but not limited to the power to appoint committees from among the owners from time to time as he 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 shall keep the minutes of all the meetings of the Board of Directors and the minutes of all meetings of the Association; he shall have charge of such 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 shall have the responsibility for Asso-

ciation funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements and 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 VIII

OBLIGATIONS OF THE OWNERS

Section 1. Assessments.

(a) All owners are obligated to pay monthly (and any special) assessments imposed by the Association to meet all common expenses of the project as defined in the Declaration. The assessments shall be made on a pro rata basis according to the number of lots owned by the owner. Such assessment shall include monthly payments to a General Operating Reserve and a reserve fund for replacements.

(b) All delinquent assessments shall be enforced, collected or foreclosed in the manner provided for in the Declaration.

Section 2. Maintenance and Repair.

(a) Every lot owner must perform promptly all of his own maintenance and repair work which, if omitted,

would affect the project in its entirety or any part belonging to other owners, being expressly responsible for the damages and liabilities as his failure to do so may engender.

(b) The owners shall reimburse the Association for any expenditures incurred in repairing or restoring any Common Area facility damaged through their faults.

(c) All repairs of internal installations of a dwelling unit, such as water, water heater, light, gas, power, sewage, telephone, air-conditioners, sanitary installation, doors, windows, lamps and all other accessories belonging to the lot area shall be at the owner's expense.

ARTICLE IX

AMENDMENTS TO BY-LAWS

Section 1. Amendments.

These By-laws may be amended by the Association in a duly constituted meeting for such purpose and no amendment shall take effect unless approved by lot owners owning in the aggregate not less than fifty-one percent (51%) of the lots subject to the Declaration, provided, however, that no amendment shall take effect unless approved by the

California Real Estate Commissioner if such approval is required by the provisions of the California Business and Professions Code, Section 11018.7.

Section 2. Notice to Mortgagees.

It shall be the responsibility of the Board of Directors to mail within thirty (30) days prior to the effective date of any amendment to these By-laws, a notice of such amendment to all mortgagees appearing in the book entitled "Mortgagees of Lots" referred to in Article X hereof.

ARTICLE X

MISCELLANEOUS

Section 1. Mortgagees.

An owner who mortgages his lot shall notify the Association through the management agent, if any, or the President of the Board of Directors in the event there is no management agent, the name and address of his mortgagee; the Association shall maintain such information in a book entitled, "Mortgagees of Lots". Any such owner shall likewise notify the Association as to the release or discharge of any such mortgage.

Section 2. Notice of Unpaid Assessments.

The Association shall, at the request of a mortgagee

of a lot, report any unpaid assessments due from the owner of such lot.

ARTICLE XI

FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XII

SEVERABILITY

In case any of these By-laws conflict with any provisions of law of the State of California, such conflicting By-laws shall be null and void upon final determination to such effect, but all other By-laws shall remain in full force and effect.

FIRST AMENDMENT
TO THE BYLAWS OF
ORCHARD LANE TERRACE HOMEOWNERS ASSOCIATION

Article VI, Section 1, is hereby amended to read as follows:

The affairs of the Association shall be governed by a Board of Directors composed of seven (7) persons, all of whom must be owners of lots in the project.

* * * * *

CERTIFICATE OF ADOPTION
OF FIRST AMENDMENT

We, the President and Secretary of the ORCHARD LANE TERRACE HOMEOWNERS ASSOCIATION, do hereby certify that the foregoing First Amendment to the Bylaws of the ORCHARD LANE TERRACE HOMEOWNERS ASSOCIATION was adopted at a duly constituted meeting by the vote of not less than fifty-one percent (51%) of the lots subject to the declaration, pursuant to Article IX, Section 1, relating to amendments to the bylaws of ORCHARD LANE TERRACE HOMEOWNERS ASSOCIATION.

Dated September 27, 1982

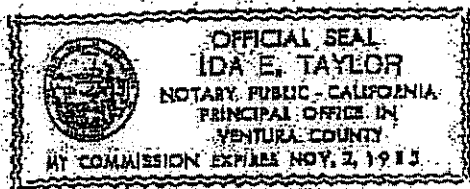
July W. Muller
President

Dated Sept. 30, 1982

Henry C. Suzuki
Secretary

STATE OF CALIFORNIA)
) SS.
COUNTY OF VENTURA)

On September 27, 1982, before me,
the undersigned, a Notary Public, personally appeared _____
Henry W. Muller, known to me to
be the President of the ORCHARD LANE TERRACE HOMEOWNERS ASSOCI-
ATION, and Henry Y. Suzuki, known to
me to be the Secretary of the ORCHARD LANE TERRACE HOMEOWNERS
ASSOCIATION, that executed the within instrument, known to me
to be the persons who executed the within instrument on behalf
of the corporation therein named, and acknowledged to me that
such corporation executed the within instrument pursuant to its
bylaws. (or proved to me on the basis of satisfactory evidence)



Ida E. Taylor
Notary Public

Ida E. Taylor