

BYLAWS

AEGEAN HEIGHTS

BY-LAWS

OF

AEGEAN HEIGHTS HOMEOWNERS ASSOCIATION

ARTICLE I

Section 1. Name and Location. The name of the corporation is AEGEAN HEIGHTS HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association." The principal office of the corporation shall be located in Orange County, California, but meetings of the Members and Directors may be held at such places within the State of California, County of Orange, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to AEGEAN HEIGHTS HOMEOWNERS ASSOCIATION, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "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 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

Section 5. "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 6. "Declarant" shall mean and refer to GREENVILLE DEVELOPMENT CO., a California corporation, its successors and assigns, if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. "Declaration" shall mean and refer to the Declaration of Restrictions applicable to the Properties recorded in the Office of the County of Orange, Recorder of Orange County, State of California, on _____, 1973, in Book _____ at Pages _____ to _____, inclusive.

Section 8. "Member" shall mean and refer to those persons entitled to membership as provided in Article II hereof.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject

to assessment shall be a Member of the Association. Membership shall be appurtenant to, and may not be separated from, ownership of any Lot.

Section 2. The Association shall have two classes of voting membership as follows:

Class A. Class A Members shall be all Owners with the exception of Declarant, and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any 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 Lot.

Class B. The Class B Member shall be the Declarant, and shall be entitled to three (3) votes for each Lot owned in any phase of this development as set out in the Declaration. The Class B membership shall cease and be converted to Class A membership upon the happening of the first of any of the following events:

A. When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership;

B. Two years from the date of the issuance of the most recent Public Report for a phase of the overall development; or

C. On January 1, 1977.

ARTICLE IV

MEETING OF MEMBERS

Section 1. Organizational and Annual Meetings. The first annual meeting of the Association shall be held not later than six (6) months after the sale of the first Unit in the Project. Thereafter, the annual meetings of the Association shall be held during the same month as the first annual meeting. At such meetings there shall be elected by ballot of the Owners a Board of Directors in accordance with the requirements of Article V of these By-Laws. The Owners may also transact such other business of the Association as may properly come before them.

Section 2. Special Meetings. It shall be the duty of the President to call a special meeting of the Owners as directed by resolution of the Board of Directors or upon a petition to the Secretary signed by Members who are entitled to vote one-fourth (1/4) of all the votes of the Class A membership. The notice of any special meeting shall state the 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 (4/5) of the Owners present, either in person or by proxy.

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 the person authorized to call the meeting, by mailing a copy of such notice by first class mail, postage prepaid, at least ten (10) 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 Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day, and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence in person or by proxy of Lot or Unit Owners holding at least fifty percent (50%) of the votes of each class of membership shall constitute a quorum for the transaction of business at all meetings. If any meeting cannot be held because a quorum is not present, the Owners present, either in person or by proxy, may, 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 at least twenty-five percent (25%) of each class of membership.

Section 5. 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.

ARTICLE V

BOARD OF DIRECTORS: SELECTION, TERM OF OFFICE

Section 1. Number. The affairs of the Association shall be managed by a Board of five (5) Directors, who need not be Members of the Association so long as the Class B membership shall exist. Thereafter the Board shall consist only of Members who are in good standing with the Association.

Section 2. Term of Office. Directors shall be elected to serve one year terms. The Directors shall hold office until their successors have been elected and hold their first meeting.

Section 3. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation, or removal of a Director, his successor shall be selected by the remaining Directors of the Board and shall serve until the next election. Cumulative voting is permitted both for selecting and removing Directors.

Section 4. Compensation. No director shall re-

ceive 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 5. Action by Unanimous Written Consent Without Meeting. Any action required or permitted to be taken by the Board of Directors under any provision of law 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. Such action by written consent shall have the same force and effect as the unanimous vote of such Directors. Any certificate or other document filed under any provision of law which relates to action so taken shall state that the action was taken by unanimous written consent of the Board of Directors without a meeting, and that the By-Laws of this corporation authorize the Directors to so act, and such statement shall be prima facie evidence of such authority.

ARTICLE VI

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. Such nominations may be made from among Members or non-Members so long as the Class B membership exists. Thereafter, nominations shall only be made from among Members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. 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. The persons receiving the largest number of votes shall be elected. Cumulative voting is permitted.

ARTICLE VII

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place, day, and hour as may be fixed from time to

time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by two Directors, after not less than three (3) days notice to each Director.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VIII

POWERS AND DUTIES OF THE 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 the voting rights and right 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 Association. Such rights may also

be suspended after notice and hearings, for a period not to exceed thirty (30) days for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties, and authority vested in or delegated to this Association 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;

(e) employ a manager, independent contractor, or such employees as they deem necessary, and to prescribe their duties;

(f) contract and pay for maintenance, gardening, utilities, materials and supplies, and services relating to the Common Area and/or facilities, and to employ personnel reasonably necessary for the operation of the same, including lawyers and accountants where appropriate; provided, however, that no contract shall be for a period longer than one (1) year, unless it contains a thirty (30) day right of cancellation on behalf of the Association, in which event it may be for a longer period of time;

(g) pay taxes and special assessments which are or would become a lien on the Project or Common Area;

(h) where appropriate (and subject to the terms of the Declaration regarding destruction), to pay for reconstruction of any portion or portions of the Project damaged or destroyed which are to be rebuilt; and

(i) enter into any Unit when necessary in connection with maintenance or construction for which the Board of Directors is responsible.

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

(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 where 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 Association, and to see that their duties are properly performed;

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

1. fix the amount of the annual assessment 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;

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 cause an agent or 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 for the issuance of these certificates. If a certificate states that 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 Association;

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

(g) cause the Common Areas to be maintained.

ARTICLE IX

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association 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 the Association 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 Association 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 at any time with or without cause by the Board. Any officer may resign at any time 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 of 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 (1) of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

(a) President: The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, and other written instruments, and shall co-sign all checks and promissory notes.

(b) Vice President: The Vice-President shall act in the place and stead of the President in the event of the latter's absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members; shall sign all contracts, leases, or other instruments executed in the name of or on behalf of the Association; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses; and shall

perform such other duties as are required of him by the Board.

(d) Treasurer: 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; shall sign all checks and promissory notes of the Association; shall keep proper books of account; shall cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Membership at its regular annual meeting, and deliver a copy of each to all Members.

ARTICLE X

COMMITTEES

The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as it may deem appropriate in carrying out its purposes.

ARTICLE XI

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, where copies may be purchased at reasonable cost.

ARTICLE XII

ASSESSMENTS

As more fully provided in Article VI of the Declaration, which Article is incorporated herein by this reference thereto as if fully set forth here, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of ten percent (10%) 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 attorney's 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 by abandonment of his Lot.

ARTICLE XIII

CORPORATE SEAL

The Association shall have a seal in circular form

having within its circumference the words: AEGEAN HEIGHTS
HOMEOWNERS ASSOCIATION.

ARTICLE XIV

AMENDMENTS

Section 1. 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 XV

MISCELLANEOUS

Section 1. The fiscal year of the Administration
shall begin on the first day of July and end on the 30th
day of June of every year.

Section 2. Except as otherwise provided by law,
checks and promissory notes, drafts, orders for the payment
of money, and other evidence of indebtedness of the corpor-
ation, shall be signed by the Treasurer and countersigned by
the President. Any contract, lease, or other instrument exe-
cuted in the name of and on behalf of the corporation shall
be signed by the Secretary and countersigned by the Presi-
dent.

IN WITNESS WHEREOF, we, being all of the Directors
of AEGEAN HEIGHTS HOMEOWNERS ASSOCIATION, have hereunto set
our hands this day of , 1973.

