

BY-LAWS
OF
SMOKETREE STANTON HOMEOWNERS ASSOCIATION

ARTICLE I
NAME AND LOCATION

The name of the corporation is SMOKETREE STANTON HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association".

The principal office of the Association shall be located in the County of Orange, State of California, at such specific location therein as may be, from time to time, designated by the Board of Directors.

ARTICLE II
DEFINITIONS

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

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

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

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 5. "Member" shall mean and refer to those persons entitled to membership in the Association as provided in the Declaration of Covenants, Conditions and Restrictions.

Section 6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the subdivision, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 7. "Declarant" shall mean and refer to WARMINGTON DEVELOPMENT INC., its successors and assigns, if such successors or assigns should acquire either a fee or leasehold interest in more than one undeveloped Lot from the Declarant for the purpose of development.

Section 8. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the office of the County Recorder, County of Orange, State of California.

ARTICLE III
MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject under the Declaration to assessment by the Association, including contract sellers, shall be a Member of the Association; provided that persons or entities who hold an interest merely as security for the performance of an obligation shall not be Members of the Association. Membership shall be appurtenant to and may not be separated from ownership of the Lot which gives rise to such membership. Ownership of such a Lot or interest therein shall be the sole qualification for membership.

ARTICLE IV
PROPERTY RIGHTS: RIGHTS OF ENJOYMENT

Each Owner shall have the right and easement of enjoyment in and to the Common Area as provided in the Declaration. Any Owner may delegate his rights of enjoyment of the Common Areas to the members of his family, his tenants or contract purchasers, who reside on the Lot. Such Owner shall notify the Secretary of the Association in writing of the name of any such delegate. The rights and privileges of such delegate are subject to suspension to the same extent as those of the delegating Owner.

ARTICLE V
MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within six (6) months from the date of sale of the first Lot or not later than thirty (30) days after fifty-one percent (51%) of the Lots have been sold, whichever occurs first. Subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 8:00 o'clock P.M. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) or all of the votes of the entire membership or who are entitled to vote one-fourth (1/4) of the votes of the Class A membership. All special meetings shall be held in Orange County.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by personal delivery or by mailing a copy of such notice, postage prepaid, at least ten (10) days, but not more than sixty (60) days, prior to such meeting, to each Member entitled to vote thereat, addressed to the Member at the most recent address supplied by such Member

to the Association for the purpose of notice, or if no such address shall have been furnished, then to the street address of the Lot owned by such Member. Such notice shall specify a reasonable 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 at the meeting of Members entitled to cast, or of proxies entitled to cast, fifty percent (50%) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members present, either in person or by proxy, may, except as otherwise provided by Law, adjourn the meeting without further notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented. Unless a greater portion of the voting power is required by the Articles of Incorporation or these By-Laws, a majority of the voting power present and voting in person or by proxy, shall prevail at all meetings. The voting rights of each Member shall be as provided in Article V of the Declaration.

Section 5. Proxies. At all meetings of Members, each Member shall be entitled to vote either 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 VI

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.

Section 2. Election. At the first annual meeting of the Association the Members shall elect three directors for a term of one year and two directors for a term of two years; and at each annual meeting thereafter the Members shall elect directors for a term of two years to succeed those directors whose terms have expired.

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. However, unless the entire Board is removed, an individual director shall not be removed if the number of shares voted against the resolution for his removal exceeds the quotient arrived at when the total number of outstanding shares entitled to vote is divided by one plus the authorized number of directors. In the event of death, resignation or removal of a director, his successor shall be elected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any services 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 Taken Without a Meeting. Any action required or permitted to be taken by the Board of Directors 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. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VII NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nominations for the office of member of the Board of Directors shall be made by a Nominating Committee consisting of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association, all of whom 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. 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. Nominations may also be made by Members from the floor at the annual meeting or such other meeting at which members of the Board of Directors are to be elected. Such nominations may be made from among Members or non-members.

Sections 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 person receiving the largest number of votes shall be elected. Cumulative voting is permitted.

ARTICLE VIII MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should such a 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 any 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 IX
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

- (a) adopt and publish rules and regulations governing the use of the Common Areas, and the personal conduct of the Members and their guests thereon, and establish penalties for the infraction thereof;
- (b) suspend the voting rights 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 hearing, 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 the 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, an independent contractor, or such other employees at it deems necessary, and to prescribe their duties.

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 when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote;
- (b) cause an annual independent examination or audit of the Association's account or accounts to be made and cause a copy of such report to be available to each Member within thirty (30) days of completion;
- (c) supervise all officers, agents and employees of the Association, and see that their duties are properly performed;
- (d) as more fully provided herein, and in the declaration:
 - (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; and
 - (3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same;
- (e) issue, or cause an appropriate officer to issue, upon demand by any person, a certificate indicating the status of any assessment, whether delinquent or paid. A reasonable charge may be made by the Board for

- the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid;
- (f) procure and maintain adequate liability and hazard insurance on property owned by the Association;
 - (g) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
 - (h) cause the Common Area to be maintained.

ARTICLE X OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of the Association shall be 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 establish.

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. Annual and special meetings of the Members shall be held within the Properties or as close thereto as practicable.

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 be 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 with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by election held by the Board of Directors for that or any other purpose. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of the Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of the other offices except in the case of special offices created pursuant to Section 4 of this Article. other duties as required by the Board.

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

President

- (a) The President shall preside at all meetings of the Board of Directors; shall implement the orders and resolutions of the Board; shall sign all leases, mortgages, deeds and other written instruments and shall sign all promissory notes of the Association.

Vice-President

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

Secretary

(c) The Secretary shall record the votes and keep minutes of all meeting and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring such seal; serve notice of meeting of the Board and of the Members; keep, or cause to be kept, appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) 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 promissory notes of the Association; keep proper books of account; 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 cause a copy thereof to be delivered to each Member within ninety (90) days after the end of the fiscal year of the Association. The Treasurer may delegate the foregoing duties (except the duty to affix his signature to documents) to any person adequately covered by a fidelity bond unless expressly prohibited therefrom by the Board.

ARTICLE XI COMMITTEES

The Board of Directors shall appoint a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint such other committees as it deems appropriate in carrying out its purposes.

ARTICLE XII 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, and copies shall be made available for purchase at reasonable cost.

ARTICLE XIII
ASSESSMENTS

As more fully provided in the Declaration, 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 abandonment of his Lot.

ARTICLE XIV
CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words:

SMOKETREE STANTON HOMEOWNERS ASSOCIATION
INCORPORATED

CALIFORNIA

ARTICLE XV
AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall take precedence; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall take precedence.

ARTICLE XVI
MISCELLANEOUS

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.

BY-LAW AMENDMENTS

The following amendments to the By-Laws were approved in accordance with the procedure specified in the By-Laws at annual meetings on dates noted:

July 1, 1975(1) Number of Directors shall be seven. This amendment supersedes Section I, Article VI.

July 1, 1975(2) In order to be a member of the Board of Directors, director must be a resident member of the association. This amendment supersedes Section I, Article VI.

July 1, 1976(3) Cumulative voting is not allowed. This amendment supersedes the phrase in Article VII, Section 2, which allows cumulative voting.

July 1, 1976(4) Wording of By-Laws is to be changed such that an individual director may be removed by a majority vote of all homeowners with such vote being by ballot at a meeting of homeowners. This wording supersedes the wording in Sentence 2, Section VI.

July 1, 1976(5) Only homeowners can nominate people for election to the Board of Directors. This wording replaces the wording in the last sentence of Article VII, Section 2.

July 1, 1980(6) Change date of Annual Meeting to the second Sunday of June.