

BY-LAWS
OF
FAIRMONT HILL COMMUNITY ASSOCIATION

ARTICLE I

Definitions

The following terms used in these By-Laws are defined as follows:

Section 1. "Association" shall mean and refer to Fairmont Hill Community Association, a non-profit corporation incorporated under the laws of the State of California, its successors and assigns.

Section 2. "Property" shall mean and refer to all of the real property defined in Sections 11, 12 and 13 of these By-Laws.

Section 3. "Condominium" shall mean and refer to a condominium as defined in Section 783 of the California Civil Code and shall be an estate in real property consisting of (a) a separate fee interest in the space within a unit and (b) an undivided interest as a tenant-in-common in the common area.

Section 4. "Unit" in said Property shall mean and refer to the elements of Condominium which are not owned in common with the other owners of other condominiums.

Section 5. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 6. "Owner" shall mean and refer to one or more persons or entity who are the record owner of a condominium which is part of the Property, 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 JOHN D. LUSK & SON, California corporation, its successors and assigns.

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

Section 9. "Deed of Trust" shall mean the conveyance of any condominium or other portion of the property to secure the performance of an obligation. The word "Deed of Trust" as used herein shall mean and be synonymous with the word "mortgage" and the same may be used interchangeably with the same meaning.

Section 10. "Conveyance" shall mean and refer to conveyance of a condominium.

Section 11. "Master Common Area" shall mean and refer to Lot 2 of Tract 8507, as shown on a map recorded in Book 360, Pages 32 and 33, inclusive, Miscellaneous maps, Records of Orange County, California.

Section 12. "First Increment Common Area" shall mean and refer to the entire area of Parcels 1 and 2 as shown on Parcel Map, recorded in Book 79 , Pages 32 and 33 , inclusive, of Parcel Maps, Records of Orange County, California, excepting those portions thereof which lie within the boundaries of any Unit.

Section 13. "Subsequent Increment Common Areas" shall mean and refer to Parcel 3 as shown on Parcel Map, recorded in Book 79, Pages 32 and 33, inclusive of Parcel Maps, Records of Orange County, California, and that are shown in Exhibit "A", attached hereto and by this reference made a part hereof, which may be subsequently annexed to the Association excepting those portions which lie within the boundaries of any Unit which may be annexed to the Association pursuant to Article II of the Declaration.

ARTICLE II

Office

Principal Office: The principal office for the transaction of the business of the Association is hereby fixed and located in the County of Orange, State of California. The Board of Directors is hereby granted full power and authority to change said principal office from one location to another within said County.

ARTICLE III

Members

Section 1. Membership: Every person or entity who is a record owner of a condominium which is subject by covenants of record to assessment by the Association shall be a member of the Association. Every member of this Association shall be subject to the provisions of the Articles of Incorporation and these By-Laws. The foregoing not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No owner shall have more than one membership for each condominium which such owner has title thereto. Membership shall be appurtenant to and may not be separated from the condominium ownership which is subject to assessment by the Association. Ownership of such condominium shall be the sole qualification for membership.

Section 2. Transfer: The membership held by any owner of a condominium shall not be transferred, pledged or alienated in any way, except upon the sale or encumbrance of such condominium, and then only to the purchaser or deed of trust holder of such condominium. Any attempt to make a prohibited transfer is void; and will not be reflected upon the books and records of the Association. In the event the owner of any condominium should fail or refuse to transfer the membership registered in his name to the purchaser of such condominium, the Association shall have the right to record the transfer upon the books of the Association and shall issue a new certificate to the purchaser, and thereupon the old certificate outstanding in the name of the seller; shall be null and void as though the same had been surrendered.

Section 3. Termination of Membership: Membership in the Association shall automatically terminate when such member sells and transfers the condominium.

Section 4. Voting Rights: The Association shall have two classes of voting membership:
Class A. Class- A members shall be all those owners as defined in Article III, Section 1 of these By-Laws with the exception of the Declarant. Class-A members shall be entitled to one vote for each condominium in which they hold the- interest required for membership by said Article III, Section 1. When more than one person holds such interest of any condominium, all such persons shall be members. The vote for such condominium shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any condominium.

Class B. Class B member shall be the Declarant. The Class B member shall be entitled to three (3) votes for each condominium in which it holds the interest required for membership by Article III, Section 1 of these By-Laws, provided that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a.) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or
- (b.) The second anniversary of the original issuance of the most recently issued Public Report for any increment of the development.
- (c.) On the date, if any, specified in the Declaration.

Section 5. Membership Certificates: In its discretion, the Board of Directors of the Association may, but need not, issue appropriate membership certificates evidencing membership in the Association.

Section 6. Plural Membership: A member may own more than one membership in this Association by complying with the qualifications of membership as set forth in Section 1 of this Article.

Section 7. Master Common Area Dues and Assessments: The members of the Association shall be jointly, severally and personally liable for the payment of such master common area dues and assessments as may from time to time be fixed and levied by the Board of Directors pursuant to the provisions of Article V of these By-Laws; provided, however, that such levy must be applied in a uniform manner am all members. If such dues

and assessments are not paid by the member when they are due, they shall bear interest from date of delinquency at the then legal rate, and the Board of Directors may require the delinquent member to pay a late charge.

Section 8. Increment Dues and Assessment: The owners of an undivided Interest of the first increment common area shall be jointly, severally and personally liable for the payment of such first increment dues and assessments as may from time to time be fixed and levied by the Board of Directors pursuant to the provisions of Article V of these By-Laws; provided, however, that such levy must be applied in a uniform manner among the owners of said first increment common area. If such dues and assessments are not paid by the owners when they are due, they shall bear interest from date of delinquency at the then legal rate and the Board of Directors may require the delinquent owners to pay a late charge. Upon annexation of any subsequent increment common area, the owners of an undivided interest in said subsequent increment common area shall be jointly, severally and personally liable for the payment of such subsequent increment common area dues and assessments as may from time to time be fixed and levied by the Board of Directors pursuant to Article V of these By-Laws; provided, that such levy must be applied in a uniform manner among such owners of such subsequent increment common area. If such dues and assessments are not paid by the owners of subsequent increment common area when they are due, they shall bear interest from date of delinquency at the then legal rate, and the Board of Directors may require the delinquent owners to pay a late charge.

Section 9. Enforcement of Payment of Dues and Assessments: Should any member fail to pay his master common area dues and assessments and/ or increment common area dues and assessments, before delinquency the Association, in the discretion of the Board of Directors, shall have the right to enforce payment of such delinquent dues and assessments by (a.) filing and maintaining legal action against such delinquent member, or (b) recording in the Office of the Recorder of Orange County, a claim of lien for such delinquent dues and assessments against the estate and improve thereon owned by the delinquent member and by foreclosing such lien in accordance with the laws of the State of California then in effect governing the foreclosure of mortgages on real property. There shall be added to any claim hereunder the amount of such delinquent dues and assessments, the late charge or late charges, the costs of preparing and filing the complaint, and in the event a judgment is obtained, such judgment shall include said interest and a reasonable attorney's fee, together with the costs of action.

Section 10. Curing of Delinquency: Upon the timely curing of any delinquency for which a notice of claim of lien or any such action has been filed by the Association pursuant to Section 9 of this Article, the officers of the Association shall file or record an appropriate release of such notice or dismissal of such action, as the case may be, upon the payment by the delinquent member of a fee, to be determined by the Board of Directors, to cover the costs of preparing or filing and recording such release, together with the payment of such other costs, interests or fees as shall have accrued in connection with the delinquency.

ARTICLE IV

Meeting of Members

Section 1. Place of Meetings: All meetings of members shall be held at the principal office of the Association, or at such other place in the County of Orange as may be fixed from time to time by resolution of the Board of Directors: provided, however, that such meeting place shall be as close to the subdivision as is reasonably possible.

Section 2. Annual Meetings: The first annual meeting of the members shall be held in Orange County, within thirty (30) days after fifty-one percent (51%) of the condominiums have been sold, or within six (6) months after the sale of the first condominium, whichever occurs first, and each 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 7:30 pm. In Orange County; provided, however, that the Board by resolution may fix the date for the meeting no more than thirty (30) days before or after said date. 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 3. Special Meetings: Special meetings of the members for any purpose may be called at any time by the President, or by the Board of Directors, or by any two or more members thereof, or by one or more members holding not less than twenty percent 20% of the voting rights of the members of the Association.

Section 4. Notices of Meetings: Written notice of meetings, annual or special, shall be given to each member entitled to vote, either personally or by sending a copy of the notice through the mail, postage prepaid, to his address appearing on the books of the Association, or supplied by him to the Association for the purpose of notice. All such notices shall be sent to each member entitled thereto not less than thirty (30) days nor more than sixty (60) days before each meeting, except for notices for meetings for special assessments relative to the provisions of Article VI of the Declaration, and except for emergency meetings which may be called by giving 24 hours' notice for said meeting.

All notices subject to Article VI of the Declaration shall be sent to all members not less than ten (10) days or more than thirty (30) days before each meeting. All notices shall specify the place, the day and the hour of such meeting and in case of special meetings, the general nature of the business to be transacted.

When any meeting of members, either annual or special, is adjourned for thirty (30) days or more, notice of the time and place of the adjourned meeting shall be given as in the case of an original meeting. Except as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting, other than by announcement thereof at the meeting at which such adjournment is taken.

Section 5. Consent of Absentees: The transaction of any business at any meeting of members, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the members entitled to

vote, not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the records of the Association or made a part of the minutes of the meeting.

Section 6. Quorum: The presence at the meeting of members entitled to cast, or of proxies entitled to cast, fifty percent (50%) of the voting power shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If any meeting cannot be held because a quorum is not present, the members present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called. Except where a greater portion of the voting power is required by the Articles of Incorporation, the Declaration, or these By-Laws, a majority of the voting power present, in person or by proxy, shall prevail at all meetings.

Section 7. Proxies: Every member entitled to vote or execute consents shall have the right to do so either in person, or by an agent or agents authorized by a written proxy executed by such member or his duly authorized agent filed with the Secretary of the Association; provided that no such proxy shall be valid after the expiration of the eleven (11) months from the date of its execution.

ARTICLE V

Directors

Section 1. Powers: Subject to limitations of the Articles of Incorporation, the Declaration or these By-Laws and of the California Corporations Code as to action to be authorized or approved by the members, and subject to the duties of the directors as prescribed by these By-Laws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Association shall be controlled by the Board of Directors. Without prejudice to such general powers but subject to the same limitations, the Directors are vested with and shall have the following powers to wit:

(a.) To select, appoint and remove all officers, agents and employees of the Association, to prescribe such powers and duties for them as may be consistent with law, with the Articles of Incorporation, the Declaration and/or these By-Laws, to fix their compensation and to require from them security for faithful service when deemed advisable by the Board.

(b) To conduct, manage and control the affairs and business of the Association, and to make and enforce such rules and regulations therefore consistent with law, with the Articles of Incorporation, the Declaration and/or these By-Laws, as the Board may deem necessary or advisable.

(c) To change the principal office for the transaction of the business of the Association from one location to another within the County of Orange, as provided in Article II hereof, to designate any place within said County for the holding of any annual or special meeting or meetings of members; to adopt and use a corporate seal, and to prescribe the form of certificate of membership, if any; and to authorize the issuance of memberships to such persons as shall be eligible for membership, as provided in Article II of these By-Laws.

(d) To borrow money and to incur indebtedness for the purposes of the Association, and to cause to be executed and delivered therefore, in the Association's name, promissory notes, bonds debentures, deeds of trust, mortgages, pledges or other evidence of debt and security therefore.

(e) To fix and levy from time to time master common area and increment common area regular dues and assessments upon the members of the Association; to fix and levy from time to time master common area and increment common area special assessments for capital improvements and, when required, with the assent of the majority of the voting members to determine and fix the due date for the payment of such dues and assessments, and the date upon which the same shall become delinquent, provided, however, that such dues and assessments shall be fixed and levied only to provide for the payment of the expenses of the Association and of taxes and assessments upon real or personal property, if any, owned, leased, managed, controlled, or occupied by the Association, or for labor rendered or materials or supplies used and consumed, or equipment and appliances furnished for the maintenance, improvement or development of such property or for the payment of any and all obligations in relation thereto, or in performing or causing to be performed any of the purpose of the Association for the general benefit and welfare of its members, and the Board of Directors is hereby authorized, subject to the provisions herein, to incur any and all such expenditures for any of the foregoing purposes and to provide adequate reserves for replacement as it shall deem to be necessary or advisable in the interest of the Association or welfare of its members. The Board of Directors shall assess each member for his prorated share of such assessments on the same basis as for regular assessments. Should any member fail to pay such dues and assessments before delinquency, the Board of Directors, in its discretion, is authorized to enforce the payment of such delinquent dues and assessment as provided in Article III, Section 10 of these By-Laws.

(f) The Board of Directors, by a majority vote, may initiate and execute disciplinary proceedings against members of the Association for violation of the provisions of the By-Laws, Articles of Incorporation and Declaration of the Association in accordance with the following:

(i) By sending a written notice to the member giving said member five (5) days in which to terminate the violation.

(ii) If the violation is not terminated, then by providing the member an opportunity for a hearing within ten (10) days following the termination of the initial five-day notice.

(g) To enforce the provisions of the Declaration covering the Property, these By-Laws or other agreements of the Association.

(h) To contract and pay for comprehensive insurance coverage, including but not limited to, fire, casualty and liability coverage's.

(i) To contract for and pay maintenance, gardening, utilities, materials and supplies and services relating to the master and increment common area and to employ personnel necessary for the operation of the project, including legal and accounting services. To contract for and pay for improvement and facilities.

(j) To delegate its powers according to law, and subject to the approval of the members, to adopt these By-Laws.

(k) To fix, determine and name from time to time, if necessary or advisable, the fund, foundation or corporation which is then or thereafter organized or operated for charitable purposes to which the assets of this Association shall be distributed upon liquidation or dissolution according to the Articles of Incorporation of this corporation. The assets so distributed shall be those remaining after satisfaction of all just debts and obligations of the Association and after distribution of all property held or acquired by the Association under the terms of a specific trust or trusts.

(l) The Board of Directors shall not, without the consent of a majority vote of the members, excluding Declarant, incur aggregate expenditures for capital improvements to the common area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

(m) The Board of Directors shall not, without the consent of a majority vote of the members, excluding Declarant, sell during any fiscal year, property of the Association for an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

Section 2. Number and Qualification of Directors: The Board of Directors shall consist of the number of Directors named in the Articles of Incorporation (5) until changed by amendment of the Articles, or by an amendment to this Section 2 of these By-Laws, fixing or changing such number, adopted by the vote or written assent of members entitled to exercise a majority of the voting power; but in no event shall there be less than five (5) Directors. A person may serve as a Director without being a member of the Association.

Section 3. Election and Term of Office: Until the holding of the organizational meeting of the members referenced in Section 2, Article IV of these By-Laws, the Board of Directors shall consist of those Directors who constituted the incorporation of this Association. The Directors shall be elected at each annual meeting of members, but if any such annual meeting is not held, or if the Directors are not elected thereat, the Directors may be elected at any special meeting of members held for that purpose. All such elections shall be done by cumulative voting. All Directors shall hold office until their respective successors are elected. Notwithstanding the above or Article V, Section 17 herein, the members of the Association, excluding Declarant, shall, whether or not they have the requisite number of votes, be allowed at all times to elect one Director who shall only be removed by the requisite number of said members.

Section 4 Vacancies: Vacancies on the Board of Directors, except vacancies caused by removal as set forth in Section 17 of this Article V, may be filled by a majority of the remaining Directors, though less than a quorum, and each Director so elected shall hold office until his successor is elected at an annual meeting of members or at a special meeting called for that purpose.

A vacancy or vacancies shall be deemed to exist in case of the death or resignation or removal as set forth in Section 17 of this Article V, of any Director, if the member shall increase the authorized number of Directors but shall fail to elect the additional Directors as

provided for at the meeting at which such increase is authorized, or at an adjournment thereof, or in case the members fail to at any time elect the full number of authorized Directors, a vacancy or vacancies shall be deemed to exist.

The members may at any time elect Directors to fill any vacancy not filled by the Directors, and may elect the additional Directors at the meeting at which an amendment of the By-Laws is voted authorizing an increase in the number of Directors.

If any Director tenders his resignation to the Board of Directors, the Board shall have power to elect a successor to take office at such time as the resignation shall become effective. No reduction of the number of Directors shall have the effect of removing any Director prior to the expiration of his term of office.

Section 5. Place of Meetings: All meetings of the Board of Directors shall be held at the principal office of the Association, or at any place or places within the County of Orange designated at any time by resolution of the Board or by written consent of all members of the Board; provided, however, that such meeting shall be held as close to the subdivision as is reasonably possible. All meetings of the Board of Directors shall be open to all members of the Association; provided, however, that Association members who are not a part of the Board of Directors may not participate in any deliberation or discussion unless expressly authorized by a vote majority of the quorum of the Board of Directors.

Section 6. Organization Meeting: Immediately following each annual meeting of the members, the Board of Directors shall hold a regular meeting for the purpose of organization, election of officers and the transaction of other business. Notice of such meeting is hereby dispensed with.

Section 7. Other Regular Meetings: Other regular meetings of the Board of Directors may be held without call at such place and day and hour as may be fixed from time to time by resolution of the Board of Directors but no less than every three (3) months and shall be posted within a prominent place within the Master Common of the Association; provided should said day fall upon a legal holiday, then the meeting which otherwise would be held on said day shall be held at the same time on the next day thereafter ensuing which is not a legal holiday. Notice of all such regular meetings of the Board of Directors is hereby dispensed with.

Section 8. Special Meetings/Notices: Special meetings of the Board of Directors for any purpose may be called at any time by the Chairman or by the President, or if they are unable to or refuse to act, by the Vice President or by any two Directors.

Written notice of the time and place of special meetings shall be delivered personally to the Directors or sent to each Director by letter or by telegram, post or charges prepaid, addressed to him at his address as it is shown upon the record of the Association. In case such notice is mailed or telegraphed, it shall be deposited in the United States mail, or delivered to the telegraph company at or near the place in which the principal office of the Association is located at least seventy-two (72) hours prior to the time of the holding of the meeting and shall also be posted within a prominent place within the Master Common Area of the Association. Such mailing telegraphing or delivery as provided herein shall be due, legal and personal notice to each such Director.

Section 9.- Notice of Adjournment: Notice of adjournment of any Director's meeting, either regular or special, need not be given to absent Directors, if the time and place are fixed at the meeting adjournment.

Section 10. Waiver of Notice: The transaction of any business at any in, of the Board of Directors, however called and noticed. or wherever held, shall be valid as though had at a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting, each of the Directors not present signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents or approval shall be filed with records of the Association or made a part of the minutes of the meeting.

Section 11. Quorum: A majority of the number of Directors as fixed by the Articles of Incorporation or these By-Laws shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision made or done by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors.

Section 12. Adjournment: A quorum of the Directors may adjourn any Directors' meeting to meet again at a stated day and hour, provided, however, that in the absence of a quorum, a majority of the Directors present at any Directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 13. Consent of Board Obviating Necessity of Meeting: Notwithstanding anything to the contrary contained in these By-Laws, 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 of Directors 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 a unanimous vote of such Directors.

Section 14. Fees and Compensation: No Director or officer shall receive any salary for his services as such officer or Director. Nothing herein contained shall be construed to preclude any Director or officer from serving the Association as agent, counsel or in any capacity other than as such Director or officer and receiving compensation therefore.

Section 15. Indemnification of Directors, Officers and Employees: Except to the extent prohibited by then applicable law, this corporation shall reimburse, indemnify and hold harmless each present and future director, officer and employee of this corporation and each person who, at the request of this corporation, acts as a director, officer or employee of any other corporation in which this corporation has an interest, from and against all loss, cost, liability and expense which may be imposed upon or incurred by him, including settlement payments, in connection with any claim, action, suit or proceeding, or threat thereof, made or instituted, in which he may be involved or be made a party by reason of his being or having been a director, officer or employee of this corporation or such other corporation, or by reason of any action alleged to have been taken or omitted by him in such capacity, if a disinterested majority of the Board of Directors of this corporation (or, if a majority of the Board of Directors is not disinterested, then independent legal counsel) determines in good faith that such person was acting in good faith (a) within what he reasonably believed to be the scope of his authority or employment, and (b) for a purpose which he reasonably believed to be in the best interest of the corporation.

The right of indemnification provided in this section in this section shall insure to each person referred to in this section and in the event of his death, shall extend to his legal representatives. The right of indemnification provided in this section shall not be exclusive of any other rights to which any such person, or any other individual, may be entitled as a matter of law (including, without limitation, his rights under Section 830 of the California Corporations Code), or under any agreement, vote to directors or stockholders or otherwise.

Section 16. Presiding Officer: The members of the Board of Directors shall elect one of their number to act as Chairman and one of their number to act as Secretary. The Chairman shall preside at all meetings and the Secretary shall record the minutes of all meetings of the Board of Directors and of the members.

Section 17. Removal of Directors: At any regular or special meeting of the members duly called, any one or more of the directors may be removed with or without cause by a majority of the members 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. The provisions for voting and cumulative voting, as set forth in Section 3 of this Article shall apply to action taken under this section. No director shall be removed if the number of votes cast against his removal is equal to the number of votes which would be required to elect that director.

ARTICLE VI

Officers

Section 1. Officers: The officers shall be a President, Vice President, a Secretary and a Treasurer, which officers shall be elected by and hold office at the pleasure of the Board of Directors. Any two or more of such offices, except those of President and Secretary, may be held by the same person. The office of President, and all other offices, may be held by someone who is not a member of the Board of Directors.

Section 2. Election: The officers of the Association, except such officers as may be appointed in accordance with the provision of Section 3 and Section 5 of this Article, shall be chosen annually by the Board of Directors, and each shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or until his successor shall be elected and qualified.

Section 3. Subordinate Officers: The Board of Directors may appoint such other officers as the business of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in there By-Laws or as the Board of Directors may from time to time determine.

Section 4. Removal and Resignation: Any officer may be removed, either with or without cause, by the vote of a majority of all the directors then in office at any regular or special meeting of the Board at which a quorum is present.

Any officer may resign at any time by giving written notice to the Board of Directors or to the President or to the Secretary of the Association. Subject to the provisions of Section

4 of this Article, any such resignation shall take effect as of the date of the receipt of such notice or at any later time specified herein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Vacancies: A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these By-Laws for regular appointments to such office.

Section 6. President: The President shall be the chief executive officer of the Association and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the Association. The President may, but need not be, the Chairman of the Board of Directors. He shall be an ex-officio member of all standing committees, if any, and shall have the general powers and duties of management usually vested in the office of the President of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or these By-Laws.

Section 7. Vice President: In the absence or disability of the President, the Vice President shall perform all the duties of the President, and when so actin, shall have all the powers of, and be subject to all the restrictions upon the office of the President. The Vice President shall have such other powers and perform such other duties as from time to time may be prescribed for him by the Board of Directors or the By-Laws.

Section 8. Secretary: The Secretary shall keep, or cause to be kept, a book of Minutes at the principal office or such other place as the Board of Directors may order, of all meetings of Directors and members, with the time and place of the holding of same, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present or represented at members' meetings and the proceedings thereof.

The Secretary shall keep, or cause to be kept, at the principal office, a membership register showing the following: (1) the names and addresses of all members of the Board of Directors; (2) the names of the members and their addresses; (3) the property to which each membership relates; (4) the number of memberships held by each member (5) the number of votes represented by each member; (6) the number and date of membership certificates issued, if any; and (7) the number and date of cancellation of membership certificates, if any.

The Secretary shall give, or cause to be given, notice of all meetings of the members and of the Board of Directors required by the By-Laws or by law to be given, and he shall keep the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by these By-Laws.

Section 9. Treasurer: The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association. The books of account shall at all reasonable times be open to inspection by any director or by any member.

The Treasurer shall deposit all monies and other valuables in the name of and to the credit of the Association with such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Association as may be ordered by the Board of Directors, shall render to the President and Directors, whenever they request it, an account of

all of his transactions as Treasurer and of the financial conditions of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these By-Laws.

ARTICLE VII

Miscellaneous

Section 1. Record Date and Closing Membership Register: The Board of Directors may fix a time, in the future, not exceeding fifteen (15) days preceding the date of any annual or special meeting of the members, as a record date the determination of the members entitled to notice of and to vote at any such meeting, and in such case only members of record on the date so fixed shall be entitled to notice of and to vote at such meeting, notwithstanding any transfer of any membership on the book of the Association after any record date so fixed. For the purpose of determining such record date, the Board of Directors may close the books of the Association against transfer of membership during the whole, or any part, of any such period.

Section 2. Inspection of Corporate Records: The membership registering the books of account, the minutes of meetings of the members and Directors' meetings shall be open to the inspection and copying by the Directors and members or their duly appointed representatives between the hours of 9 A.M. and 5 P.M. during weekdays, holidays excepted, upon giving the custodian of records at least twenty-four (24) hours previous notice of said inspection. The cost of reproduction of the corporate records shall be the responsibility of the Director, member or duly appointed representative desiring to inspect and make such copies.

Section 3. Checks, Drafts, etc.: All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such officer or officers and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

Section 4. Contracts, etc., How Executed: The Board of Directors, except as these By-Laws otherwise provide, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances, and unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to tender it liable for any purposes or for any amount. Notwithstanding the above, the Board of Directors shall not contract nor authorize any officer, agent or employee to contract in the name of or on behalf of the Association for any purpose in excess of one (1) year's duration except with the Public Utilities Commission or pursuant to an approved FHA or VA management contract. In addition, a proforma operating statement, (budget) for each fiscal year shall be distributed to each member not less than sixty (60) days before the beginning of the fiscal year.

Section 5. Annual Independent Audit: An annual independent audit of the account or accounts of the Association or any management body shall be made, and a copy of such audit shall be available for the inspection of each member, officer or director of the Association within thirty (30) days of completion thereof. The Board of Directors shall cause a copy of

an annual operating statement and balance sheet referencing income and expenditures of the Association for its fiscal year, to be sent to each member of the Association not later than ninety (90) days subsequent to the close of the fiscal year or calendar year of the Association.

Section 6. Inspection of By-Laws: The Association shall keep in its principal office for the transaction of business the original or a copy of the By-Laws as amended, certified by the Secretary, which shall open to inspection by all of the members at all reasonable times.

Section 7. Singular Includes Plural: Wherever the context of these By-Laws requires same, the singular shall include the plural and the masculine shall include the feminine.

Section 8. Initial Balance Sheet: A balance sheet, as of an accounting date which is the last day of the month closest in time to six (6) months from the date of closing of the first sale of an interest in the subdivision and an operating statement from the period from the date of the first closing to the said accounting date, shall be distributed to each member within sixty (60) days after the accounting date. This operating statement shall include a schedule of assessments received and receivables identified by the number of the subdivision interest and the name of the entity assessed.

ARTICLE VIII

Amendments

Section 1. Powers of the Members: The By-Laws of this Association may be adopted, amended or repealed at a meeting duly called for said purpose by the vote of a majority of each class of members (as long as Class B membership is in effect), provided a quorum is present. Any such proposed amendments shall be submitted to each member together with advance notice of said meeting.

Section 2. Powers of Directors: Subject to the rights of the members to adopt, amend or repeal these By-Laws, as provided in Section 1 of this Article, at a special or regular meeting of the Board of Directors, the Board of Directors may adopt, amend or repeal any of these By-Laws, except that only by a vote of the members, as provided in Section 1 of this Article, may the following By-Laws be amended or changed.

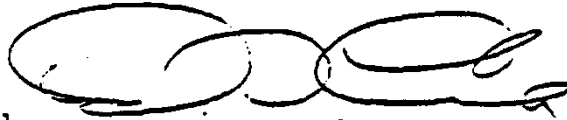
- (a) The provisions of Article III, Sections 1, 2 and 3 relating to Number of Members, Qualifications of Members, Transfer of Membership and Termination of Membership;
- (b) The provisions of Article III, Sections 4, 7, 8 and 9 relating to Voting, Dues and Assessments, and Enforcement of Payment of Dues and Assessments;
- (c) The provisions of Article IV, Sections 2, 3 and 4 relating to Annual Meetings, Special Meetings and Notices of Meetings;
- (d) The provisions of Article V, Sections 2, 3 and 4 relating to the Directors' Number, Election and Term of Office and Vacancies; and
- (e) The provisions of Article VII, Sections 2 and 5 relating to Inspection of Corporate Records and Annual Independent Audit.

Section 3. Record of Amendments: Whenever an amendment or new By-Law is adopted, it shall be placed in the book of By-Laws in the appropriate place. If any By-Law is repealed, the fact of repeal, with the date of the meeting at which the repeal was enacted or written assent was filed, shall be stated in said book.

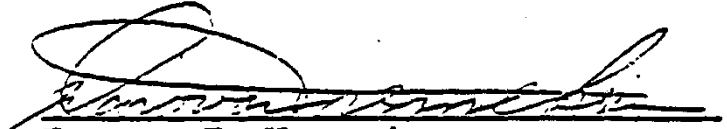
Section 4. Conflicts: In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

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 Fairmont Hill Community Association, hereby assent to the foregoing By-Laws and adopt the same as the By-Laws of the Association.

We have hereunder set our hands this 1st day of **IN WITNESS WHEREOF,**
September, 1976.



William D. Lusk




Donovan D. Huennekens



Donald D. Steffensen

...



Kathryn L. Lenz



William R. Brasher

CERTIFICATE

I. Donald D. Steffensen, hereby certify:

That I am the duly elected and acting Secretary of Fairmont Hill Community Association, a non-profit corporation; and

That the foregoing By-Laws consisting of sixteen (16) pages, constitute the By-Laws of said corporation as duly adopted by the Directors at a meeting duly held on September 1, 1976, at the corporation's principal office, located at 17550 Gillette Avenue, Irvine, Orange County, California.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the corporation, this 1st day of September, 1976.

Donald D. Steffensen, Secretary

*****retyped by StoneKastle Community Management November 2012*****