# BYLAWS OF

# LINCOLN GLEN VILLAGES OWNERS ASSOCIATION, a

# CALIFORNIA NONPROFIT MUTUAL BENEFIT CORPORATION

## ARTICLE I

## CORPORATE OFFICES

1. Name and Location.

The name of the corporation is LINCOLN GLEN VILLAGES OWNERS ASSOCIATION (the "Association"). The Association is organized under the California Nonprofit Mutual Benefit Corporation Law. The principal office of the Association shall be located in the County of Orange, State of California (the "County"). Meetings of Members shall be held at such places as are set forth in the Declaration (defined below).

## ARTICLE II

## DEFINITIONS

2.1. Declaration.

The term "Declaration" shall mean, collectively, the Declaration of Covenants, Conditions and Restrictions, and any amendments or supplements recorded or to be recorded pursuant thereto, any and all of which are applicable to the development commonly known and referred to as "Lincoln Glen Villages," which is located in the County, and the first Phase of which is legally described as follows:

> Lots 1 to 21, inclusive, Lot A and Lot B of Tract No. 16745 as shown on the Map filed in Book 883, pages 15 to 19, inclusive, of Miscellaneous Maps in the Official Records of the County, and any additional real property that may be annexed thereto.

2.2. Other Definitions.

Capitalized terms which are not separately defined in these Bylaws shall have the same meanings as in the Declaration, and each and every such definition is hereby incorporated into and made a part hereof as though set forth in full.

ARTICLE III

MEMBERSHIP; VOTING RIGHTS

3.1. Membership.

The qualification for membership, the classes of membership, and the voting rights of Members shall be as set forth in Article III and Article IV of the Declaration, all of which are incorporated by reference herein as if set forth in full.

ARTICLE IV

MEETINGS OF MEMBERS

4.1. Annual Meetings.

The organizational meeting and the first annual meeting of the Members shall be held in accordance with Article III and Article IV of the Declaration, all of which are incorporated by reference herein as if set forth in full. Thereafter, annual meetings of Members of the Association shall be held in each succeeding year, either within two (2) weeks before or after the anniversary date of the first meeting, on a day to be determined by the Board.

4.2. Special Meetings.

Special meetings of the Members may be called at any time by the President of the Board, or by a majority of the then-acting directors of the Board, or upon written request of Members representing at least twenty-five percent (25%) of the total voting power of the Association.

4.3. Notice and Place of Meetings.

Notice of all Members meetings, annual or special, shall be given not less than ten (10) days nor more than ninety (90) days prior to the date of such meeting, and shall set forth the day, time, and place of the meeting, which must be within the Properties, or at a meeting place within the County as close to the Properties as is reasonably possible. In the case of a special meeting, the notice shall also describe the general nature of the business to be transacted, and no other business may be transacted at the special meeting. In the case of a regular meeting, the notice shall also describe those matters which the Board, at the time the notice is given, intends to present for action by the Members, but, except as otherwise provided by law (including without limitation California Corporations Code Sections 7511 and 7512), any proper matter may be presented at such meeting for action. The notice of any meeting at which Directors are to be elected shall include the names of all of those who are nominees at the time the notice is given to the Members. Notices shall be given by, or at the direction of, the Secretary or the person authorized to call the meeting, and shall be transmitted or delivered to each Member entitled to vote, and to each Mortgagee which has requested notice, at such Member's or Mortgagee's address last appearing on the books of the Association, or as supplied by such Member or Mortgagee to the Association for the purpose of the notice. Notices sent by first class mail shall be deemed received three (3) days after mailing. Notices to Members or Mortgagees may also be personally delivered, or sent by a nationally-recognized overnight carrier (such as FEDEX), and shall be deemed received upon delivery.

4.4. Quorum.

The presence at any meeting in person or by proxy of the Members entitled to cast at least fifty percent (50%) of the total votes of all Members of the Association shall constitute a quorum. If any meeting cannot be held because a quorum is not present, Members representing a majority of the votes 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. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place for the adjourned meeting shall be given to the Members in the manner prescribed for regular meetings.

4.5. Proxies.

At all meetings of the Members each Member may be present in person or by proxy. All proxies shall be in writing, signed by the Member, and filed with the Secretary of the Association. Each proxy shall be revocable and shall automatically cease when the ownership interest or interests of such Member entitling him or her to Membership in the Association ceases. Any form of proxy distributed to the Members by any person shall afford the Members the opportunity to specify a choice between approval and disapproval of each matter or group of related matters to be acted upon, except that it shall *not* be mandatory for a candidate for election to the Board to be named in the proxy. The proxy shall provide that, where the Member specifies a choice, the vote shall be cast in accordance with that choice. The proxy shall also identify the person or persons authorized to exercise the proxy and the length of time for which it will be valid.

4.6. Majority of Members.

Except as otherwise provided herein or in the Declaration, the majority of the total voting power present and constituting a quorum, in person or by proxy, shall prevail at all meetings.

4.7. Action Without Meeting.

Any action which may be taken at a meeting of the Members may be taken without a meeting if done in compliance with Section 7513 of the California Corporations Code.

ARTICLE V

SELECTION, NUMBER, AND TERM

OF OFFICE OF BOARD MEMBERS

5.1. Number.

The Board shall consist of not less than three (3) directors.

5.2. Term of Office.

At the first annual meeting the Members shall elect each of the Directors for a term of one (1) year. At the expiration of the initial term of office of each Director, his or her successor shall be elected to serve for a term of one (1) year. There shall be no limit on the number of terms that a Director may serve on the Board.

5.3. Election; Removal; Vacancies.

In the event of the death, removal, or resignation of a Director, except for a specially elected director, his or her successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his or her predecessor. In the case of a deceased, removed, or resigned "specially elected director," his or her successor shall be elected by the Members pursuant to these Bylaws.

5.4. Compensation.

No Director shall receive any compensation for any service he or she may render to the Association; provided, however, that any director may be reimbursed for out-of-pocket expenses actually incurred in the performance of his or her duties.

ARTICLE VI

VOTING FOR DIRECTORS

Election to the Board shall be by secret written ballot. At such election, the Members, or their proxy-holders, may cast as many votes as they are entitled to cast under the provisions of Article IV of the Declaration. The candidates receiving the highest number of votes shall be deemed elected.

ARTICLE VII

MEETINGS OF DIRECTORS

7.1. Regular Meetings.

Regular meetings of the Board shall be held monthly at such time and place within the Properties as may be fixed from time to time by resolution of the Board. If a larger meeting room is required than exists within the Properties, the Board may specify a meeting place within the County as close to the Properties as is reasonably possible. Unless the time and place of regular meetings is fixed in these Bylaws, notice of the time and place of each regular meeting shall be given personally to each Director (as provided in Section 4.3 above), and shall be given by mail to any Member who had requested notification of Board meetings by mail, at the address requested by the Member. Notice to the Members may also be given by mail or delivery of the notice to each Lot in the Properties, or by newsletter or similar means of communication.

7.2. Special Meetings.

Special meetings of the Board shall be held when called by the President of the Association, or by any two (2) Directors, which notice shall specify the time and place of the meeting within the Properties; provided, however, that if a larger meeting room is required than exists within the Properties, the person or persons calling the meeting may specify a meeting place within the County as close to the Properties as is reasonably possible. The notice shall also describe the nature of any special business to be considered, but any proper matter may be presented at the meeting for action. Notice of the time and place of each special meeting shall be given personally to each Director, and shall be given by mail to any Member who had requested notification of Board meetings by mail, at the address requested by the Member. Notice to the Members may also be given by mail or delivery of the notice to each Lot in the Properties, or by newsletter or similar means of communication.

7.3. Notice for Emergency Meeting.

Notice shall *not* be required for an emergency meeting which may be called by the President of the Association, or by any two (2) Directors, if there are circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board, and which of necessity make it impracticable to provide notice as required by this Article.

7.4. Consent to Waiver of Notice.

The transactions at any meeting of the Board, however noticed, shall be as valid as though had at a meeting duly held after regular notice if a quorum is present, and either before or after the meeting each Director not present signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the true and correct minutes thereof. All such waivers, consents, or approvals shall be filed with the records of the Board and made a part of its minutes.

7.5. Quorum.

A majority of the number of Directors then-serving shall constitute a quorum for the transaction of business at a meeting of the Board. 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.

7.6. Conduct of Meetings.

Regular and special meetings of the Board shall be open to all Members of the Association, except when the Board adjourns to executive session as described below. Each Member shall have the right to speak at any Board Meeting, subject to any reasonable time limit established by the Board and in accordance with procedures adopted by the Board; provided, however, that Members who are not on the Board may not participate in any deliberation or discussion unless expressly authorized by the vote of a majority of a quorum of the Board. The Board may adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, matters that relate to the formation of contracts with third parties, litigation in which the Association is or may become involved, and orders of business of a similar, sensitive nature. The nature of any and all business to be considered in executive session shall first be announced in open session and any matter discussed in executive session shall be noted generally in the minutes of the immediately following meeting of the Board.

7.7. Minutes of Meetings.

The minutes shall be available to the Members for inspection by any Member within sixty (60) days of the meeting, and shall be distributed to any Member on request and after reimbursement of the Association's costs in making the distribution. All Members shall receive notice in the manner prescribe in this Article VII that the pro forma operating budget for the next year is available for distribution.

7.8. Action Taken Without a 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 of the directors. Any action so approved shall have the same effect as though taken at a meeting of the Board.

## ARTICLE VIII

## POWERS AND DUTIES OF THE BOARD

8.1. Powers.

The Board shall have all powers conferred upon the Association as set forth in the Declaration, in the Articles, and in the Bylaws, excepting only those powers and approval rights expressly reserved to the Members.

8.2. Duties.

The Board shall be responsible for the performance of the duties of the Association as set forth in the Declaration, in the Articles, and in the Bylaws, and shall supervise all officers, agents, and employees of the Association, and to see that their duties are properly performed.

## ARTICLE IX

## OFFICERS AND THEIR DUTIES

9.1. Enumeration of Offices.

The Officers of the Association shall be a President (Chief Executive Officer), who shall at all times be a Director, and, if desired, a Vice President, a Secretary, and a Chief Financial Officer (Treasurer), and such other inferior officers as the Board may from time to time create.

9.2. Election of Officers.

The election of officers shall take place at the organizational meeting of the Board, and thereafter at each meeting of the Board following each annual meeting of the Members.

9.3. Term.

The officers of the Association shall each hold office for one year, unless he or she shall sooner resign, or be removed, or otherwise become disqualified to serve.

9.4. 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. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein.

9.5. Vacancies.

A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

9.6. Duties.

The duties of the officers shall be as follows:

9.6.1 *President (Chief Executive Officer)*

The President shall preside at all meetings of the Board, shall see that orders and resolutions of the Board are carried out, and shall sign all leases, mortgages, deeds, and other written instruments.

9.6.2 *Vice President*

If appointed, the Vice President shall act in the place and stead of the President in the event of his or her absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of him or her by the Board.

9.6.3 *Secretary*

The Secretary shall record the votes and keep the minutes of all meetings of the Board and of the Members, shall serve notices of meetings of the Board and of the Members, shall keep appropriate current records showing the Members together with their addresses, and shall perform such other duties as may required by the Board.

9.6.4 *Chief Financial Officer (Treasurer)*

The Chief Financial Officer (Treasurer) shall receive and deposit in one or more bank account(s) all funds of the Association, and shall disburse such funds as directed by the Board, shall sign all checks of the Association, shall keep proper books of account, and shall assist in or cause the preparation and distribution of the financial statements of the Association.

9.9. Compensation.

No officer shall receive any compensation for any service he or she may render to the Association; provided, however, that any officer may be reimbursed for actual out-of-pocket expenses incurred in the performance of his or her duties.

## ARTICLE X

## COMMITTEES

The Board may appoint such committees from time and time as it deems appropriate in order to carry out its purposes.

## ARTICLE XI

## INDEMNIFICATION

The Association shall indemnify any person who is or was an "agent" (as defined in California Corporations Code Section 7237) of the Association to the fullest extent permitted by applicable law; subject, however, to any limitations imposed by California Corporations Code Section 7237. In addition, the directors and officers of the Association shall be entitled to the benefits of Section 10.6 of the Declaration, and Section 1365.7 of the California Civil Code, both of which limit the liability of directors and officers.

## ARTICLE XII

## ASSESSMENTS

As more fully provided in Article VI of the Declaration, each Member is obliged to pay to the Association such annual and special assessments as may from time to time be set forth.

## ARTICLE XIII

## PROCEDURE FOR DISCIPLINE OF MEMBERS

Any action by the Association to compel a Member to take certain action, or to restrain a Member from taking certain action, shall be subject to the provisions therefor as contained in the Declaration.

## ARTICLE XIV

## AMENDMENTS

14.1. These Bylaws may be amended only with the vote or written consent of Members entitled to cast at least seventy-five percent (75%) of the voting power of the Association.

14.2. Notwithstanding any other provision in this Article XIV, the adoption of any amendment to these Bylaws shall comply with the provisions of California Business and Professions Code Section 11018.7 to the extent that such section may be applicable.

## ARTICLE XV

## GENERAL PROVISIONS

15.1 Conflicting Provisions.

In the case of any conflict between any provisions of the Declaration or of the Articles and these Bylaws, the provisions of the Declaration or the Articles, as appropriate, shall control.

15.2 Fiscal Year.

The fiscal year of the Association shall be a calendar year.

15.3 Proof of Membership.

No person shall exercise the rights of membership in the Association until satisfactory proof has been furnished to the Secretary. Such proof may consist of either a copy of a recorded deed or issued title insurance policy showing such person to be an Owner entitling him to membership. Such deed or policy shall be deemed conclusive, in the absence of a conflicting claim.

15.4 Reserves.

Any amounts collected by or paid to the Association in excess of current operational needs shall be set aside as reserves for future financial needs, and shall be deposited into insured interest-bearing accounts for such reserves. These sums may include without limitation amounts collected by the Declarant from Owners through purchase escrows representing capital contributions by such owners to the Association. "Reserve accounts" shall mean money that the Board has identified in its annual budget to be used to defray the costs of future repairs of, replacements of, or additions to those major capital items of the Properties that the Association is obligated to maintain, repair, or replace under the terms of the Declaration.

SECRETARY'S CERTIFICATE

OF ADOPTION OF BYLAWS

OF

LINCOLN GLEN VILLAGES OWNERS ASSOCIATION

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of LINCOLN GLEN VILLAGES OWNERS ASSOCIATION, a California nonprofit mutual benefit corporation.

2. That the foregoing Bylaws, consisting of 10 pages, constitute the Bylaws of this corporation as adopted by the Board of Directors of this corporation on April 27, 2007.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 27th day of April, 2007.

JOHN P. MORALLY, Secretary