

BY-LAWS OF
LAKE FOREST II MASTER HOMEOWNERS ASSOCIATION

ARTICLE I

DEFINITIONS

SECTION 1.1 **LAKE FOREST RESTRICTIONS**

The term "LAKE FOREST RESTRICTIONS" shall mean the provisions of that certain "MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE PLANNED DEVELOPMENT OF LAKE FOREST NO. II IN ORANGE COUNTY, CALIFORNIA", recorded on October 29, 1970, in Book 9446 at Pages 85 through 118, inclusive, of Official Records, in the Office of the County Recorder of Orange County, State of California, as said MASTER DECLARATION may be amended from time to time pursuant to Section 7.01 thereof, together with any and all TRACT DECLARATIONS which may be recorded by MASTER DEVELOPER pursuant to Section 2.01 of said MASTER DECLARATION, as said TRACT DECLARATIONS may be amended from time to time. Said MASTER DECLARATION and TRACT DECLARATIONS, as any or all of them may be so amended, supplemented or modified from time to time, are incorporated herein by this reference with the same force and effect as if fully set forth herein.

SECTION 1.2 **OTHER TERMS**

Unless the context otherwise specifies or requires, the other terms used herein shall have the definitions and meanings given them in ARTICLE I of the MASTER DECLARATION.

ARTICLE II

MEMBERS

SECTION 2.1 **QUALIFICATIONS**

(a) Each OWNER (including the MASTER DEVELOPER) of a LOT, established pursuant to Section 3.01 of ARTICLE III as included within a Single Family Area, within LAKE FOREST NO. II, by virtue of being such an OWNER and for so long as he is such an OWNER, shall be deemed a Member of the MASTER ASSOCIATION, and, in the event of its dissolution, of the unincorporated association succeeding thereto pursuant to Paragraph B of Section 5.01 hereof.

(b) Upon becoming a Member of the MASTER ASSOCIATION, the rights, duties, privileges, immunities and liabilities of an OWNER of a LOT included in a Single Family Area within LAKE FOREST NO. II (including MASTER DEVELOPER), as a Member of the MASTER ASSOCIATION, and of any succeeding unincorporated association, shall be those set forth in,

and shall be exercised and imposed in accordance with, the LAKE FOREST RESTRICTIONS, the ARTICLES, the BY-LAWS, the LAKE FOREST RULES and the ARCHITECTURAL COMMITTEE RULES.

(c) The MASTER ASSOCIATION membership of each OWNER (including MASTER DEVELOPER) of a LOT included in a Single Family Area within LAKE FOREST NO. II shall be appurtenant to said LOT, and shall not be transferred, pledged or alienated in any way except upon the transfer of title to said LOT and, then, only to the transferee of title to said LOT. Any attempt to make a prohibited transfer shall be void. Any transfer of title to said LOT shall operate automatically to transfer said membership to the new OWNER thereof.

(d) The BOARD may provide for the issuance of certificates, in a form which it shall determine, evidencing membership in the MASTER ASSOCIATION. Such certificates shall be consecutively numbered and contain the name and address of the Member. The date of issuance of the certificate shall be entered in the records of the MASTER ASSOCIATION by the Secretary. If any certificate is lost, mutilated or destroyed, a new certificate may be issued upon such terms and conditions as the BOARD may direct.

SECTION 2.2 VOTING

(a) At any meeting of the Members or election, each Member shall be entitled to cast the number of votes to which he is entitled under the LAKE FOREST RESTRICTIONS.

(b) Any member may attend and vote at meetings or at elections in person or by a proxy holder duly appointed by a written proxy signed by the member and filed with the Secretary. Any proxy shall be for a term not to exceed eleven (11) months unless otherwise expressly provided therein; provided, that in no case shall the term of any proxy exceed three (3) years from the date of its execution. Any proxy may be revoked at any time by written notice to the Secretary. A proxy shall be deemed revoked when the Secretary receives actual notice of the death or judicially declared incompetence of such member, or upon termination of such member's status as an owner. Where two or more persons have ownership interests in a lot any proxy with respect to the vote of such members may be signed and given by any of the co-owners, and it will thereafter be conclusively presumed for all purposes that such co-owner was acting with the authority and consent of all other owners of the same lot unless one of the other co-owners notifies the Association that he or she disputes the proxy in question. Such disputed proxy shall thereafter not be valid. *(Amended by Membership Vote, June 15, 1981)*

SECTION 2.3 MEETINGS: QUORUM

(a) The first annual meeting shall be held within one year after the sale of the first LOT in LAKE FOREST NO. II to a Public Purchaser or at such earlier time if that be the case, as 51% of the LOTS in LAKE FOREST NO. II have been sold and conveyed to Public Purchasers.

(b) Thereafter, there shall be an annual meeting of the Members on the second Monday of June of each year at 8:00 P.M., at the principal office of the MASTER ASSOCIATION at LAKE FOREST NO. II, or at such other time (not more than thirty days before or after such date) as may be designated by a written notice delivered or mailed to the Members not less than ten days, nor more than sixty days prior to the date fixed for said meeting if notice is given by first-class, registered or certified mail, or not less than twenty (20) days nor more

than sixty (60) days, before each meeting if notice is given by bulk rate or other type of mail, and shall specify the place, the date and the time of such meeting, and those matters which the Board, at the time the notice is given, intends to present for action by the Members. *(Amended by Membership Vote, June 15, 1981)*

(c) Special meetings of the Members may be called at any time by the President or by the Board of Directors or by any two or more members of the Board, or upon written request of the Members who are entitled to vote five (5%) percent of the votes of the Membership. Such meetings shall be held at a reasonable place (within the County of Orange, State of California), and shall be called by written notice to the Members, delivered not less than ten (10) days, nor more than sixty (60) days prior to the date fixed for said meeting if notice is given by first-class, registered or certified mail; or not less than twenty (20) days nor more than sixty (60) days, before each meeting if notice is given by bulk rate or other type of mail, and shall specify the place, the date and the time of such meeting. *(Amended by Membership Vote, June 15, 1981)*

(e) The presence at any meeting, in person or by proxy, of Members having at least fifty percent (50%) of the total votes in the MASTER ASSOCIATION shall constitute a quorum.

(f) 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 forty-eight (48) hours, nor more than thirty (30) days from the time the original meeting was called. At the subsequent meeting, the presence of Members, either in person or by proxy, having at least twenty-five percent of the total votes in the MASTER ASSOCIATION shall constitute a quorum. 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. *(Amended by Membership Vote, June 15, 1981; Amended by Membership Vote, June 13, 2018)*

(g) Unless otherwise expressly provided herein or in the Declaration and Articles of Incorporation, any action may be taken at any meeting of the Members, or at any election, at which a quorum is present, upon the affirmative vote of at least a majority of the total votes present.

SECTION 2.4 ELECTION DISTRICTS

The BOARD may, for the purpose of election of members to the BOARD, establish two or more but not more than five permanent election districts for LAKE FOREST NO. II; and one member shall be elected to the BOARD from each such district and the other members of the BOARD not elected from such district shall be elected at large without regard to any such district, provided that all such districts shall, as nearly as practicable, be uniform with respect to geographic size and configuration and as to the number of members.

SECTION 2.5 ACTION WITHOUT MEETING

Any action which may be taken at any regular or special meeting of members may be taken without a meeting if the Association distributes a written ballot to every Member entitled to vote on the matter. Such ballot shall set forth the proposed action, provide an opportunity to

specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Association.

Approval by written ballot pursuant to this section shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

Ballots shall be solicited in a manner consistent with the requirements of this Article. All such solicitations shall indicate the number of responses needed to meet the quorum requirement and, with respect to ballots other than for the election of Directors, shall state the percentage of approvals necessary to pass the measure submitted. The solicitation must specify the time by which the ballot may not be revoked.

(Amended by Membership Vote, June 15, 1981)

ARTICLE III

BOARD OF DIRECTORS

SECTION 3.1 **CORPORATE POWERS**

(a) Subject to any limitations of the ARTICLES, the LAKE FOREST RESTRICTIONS or applicable law as to action which must be authorized or approved by the Members, all corporate powers of the MASTER ASSOCIATION shall be exercised by, or under the authority of, and the business and affairs of the MASTER ASSOCIATION shall be controlled by, the BOARD.

(b) The BOARD shall exercise the corporate powers of the MASTER ASSOCIATION strictly in accordance with the LAKE FOREST RESTRICTIONS, the ARTICLES, and these BY-LAWS, as any of them may be amended from time to time.

SECTION 3.2 **NUMBER, QUALIFICATIONS AND ELECTIONS**

(a) The authorized number of directors of this corporation shall be seven (7) until changed by amendment of the Articles of Incorporation or by a By-Law duly adopted by the Members amending this Paragraph (a) of Section 3.2, provided, however, that in the event election districts are established pursuant to Section 2.4 above, the total number of directors shall be increased, if necessary, so that the number of directors to be elected at large subject to cumulative voting shall at all times be at least as large as the number of directors to be elected by districts.

(b) Except for the first directors named in the ARTICLES, no person shall serve as Member of the BOARD who is not a Member of the MASTER ASSOCIATION. In the event that a corporation or other legal entity is a Member of the MASTER ASSOCIATION, it may designate one or more persons to serve on the BOARD on its behalf.

(c) At each annual meeting the Members shall elect the BOARD for the forthcoming year. Each Member may cumulate his votes and give one candidate, or divide among the candidates for director a number of votes equal to the number of LOTS owned by the Member multiplied by the number of directors to be elected. The candidates receiving the highest number of votes, up to the number of directors to be elected, shall be deemed elected.

(d) Directors shall serve for a term of one (1) year or until their respective successors are elected, or until their death, resignation or removal, whichever is the earliest; provided, however that the first directors named in the ARTICLES shall only serve until their successors are elected at the first annual meeting of the Members. Any director may resign at any time by giving written notice to the President, or Secretary; and any director may be removed from office by a vote of a majority of the Members entitled to vote at an election of directors; provided, however, that unless the entire BOARD is removed, an individual director shall not be removed if the number of votes cast against his removal exceeds the quotient arrived at when the total number of Members entitled to vote is divided by one plus the authorized number of directors. If any or all directors are so removed, new directors may be elected at the same meeting.

(e) Vacancies on the BOARD shall be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director, and each director so elected shall hold office until his successor is elected at an annual or special meeting of the Members.

SECTION 3.3 MEETINGS

(a) An annual organizational meeting of the BOARD shall be held immediately following the adjournment of the annual meeting of the Members.

(b) At each annual organizational meeting, the BOARD shall adopt a schedule of other regular meetings of the BOARD to be held during the forthcoming year. No notice shall be required for such regular meetings of the BOARD.

(c) Special meetings of the Board may be called at any time by the President or if he is unable or refuses to act, by any Vice President, or by any two (2) Directors. Written notice of the time and place of special meetings shall be given at least four (4) days prior to the meeting date if by first class mail or 48 hours' notice if delivered personally or by telephone or telegraph prior to the holding of the meeting. *(Amended by Membership Vote, June 15, 1981)*

(d) A majority of the authorized number of directors shall constitute a quorum of the BOARD. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be the act of the BOARD; unless the law, the ARTICLES or the BY-LAWS require a greater number.

(e) The transactions of any meeting of the BOARD, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum is present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

(f) Any action required or permitted to be taken by the BOARD under any provision of the California General Corporation Law may be taken by the BOARD without a meeting if all the members of the BOARD 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 the directors at a duly called meeting of the BOARD at which a quorum of directors is present.

(g) Members of the Board may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another. Participation in a meeting pursuant to this subdivision constitutes presence in person at such meeting. *(Added by Membership Vote, June 15, 1981)*

SECTION 3.4 BOOKS AND RECORDS

The Board shall cause to be maintained in a manner consistent with generally accepted accounting principles, a full set of books and records showing the financial condition of the Association. At least once a year an independent, certified audit of such books and records shall be conducted. A copy of each such audit shall be made available within 120 days following the close of the Association's fiscal year for delivery, upon request, to any member of the Association. The Association shall notify each member yearly of the right to receive an annual report of the Association. *(Amended by Membership Vote, June 15, 1981)*

SECTION 3.5

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 or other agent of this corporation and each person who, at the request of this corporation acts as a Director, Officer or Employee or other agent 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 reasonable incurred by him, including 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 or other agent 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 to the extent permitted and subject to the conditions described in Section 7237 of the California Corporations Code. *(Added by Membership Vote, June 15, 1981)*

ARTICLE IV

OFFICERS

SECTION 4.1 OFFICERS

The officers of the MASTER ASSOCIATION shall be a President, a Vice President, a Secretary and a Treasurer. The MASTER ASSOCIATION may also have, at the discretion of the BOARD, one or more Assistant Secretaries or Assistant Treasurers and such other officers as may be appointed in accordance with the provisions of Section 4.3 hereof. The President and Vice President must be Members of the MASTER ASSOCIATION, but the other officers need not be. One person may hold two or more offices, except that the offices of President and

Secretary shall not be held by the same person. In the event that a corporation or other impersonal entity is a Member of the MASTER ASSOCIATION, it may designate one or more persons to hold office on its behalf.

SECTION 4.2 ELECTION

The officers of the MASTER ASSOCIATION, except such officers as may be appointed in accordance with the provisions of Sections 4.3 or 4.5 hereof, shall be chosen annually by the BOARD, and each shall hold office until his resignation, removal or disqualification to serve, or until his successor is elected and qualified.

SECTION 4.3 SUBORDINATE OFFICERS

The BOARD may appoint, or may empower the President to appoint, such other officers as the business of the MASTER ASSOCIATION may require (including the Assistant Secretaries and Assistant Treasurers mentioned in Section 4.1 hereof), each of whom shall hold office for such period, have such authority and perform such duties as are provided in the BY-LAWS or as the BOARD may from time to time determine.

SECTION 4.4 REMOVAL AND RESIGNATION

Any officer may be removed, either with or without cause, by the BOARD or by any officer upon whom such power of removal may be conferred by the BOARD; provided, however, that only the BOARD shall remove an officer chosen by the BOARD. Any officer may resign at any time by giving written notice to the BOARD, the President or Secretary. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 4.5 VACANCIES

A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the BY-LAWS for regular appointments to such office.

SECTION 4.6 DUTIES OF OFFICERS

(a) The President shall be elected by the BOARD from among the directors. He shall be the chief executive officer of the MASTER ASSOCIATION and shall, subject to the control of the BOARD, have general supervision, direction and control of the business and affairs of the MASTER ASSOCIATION. He shall preside at all meetings of the Members and at all meetings of the BOARD, and shall have the general powers and duties of management usually vested in the office of President of a corporation along with such other powers and duties as may be prescribed by the BOARD or the BY-LAWS.

(b) The Vice President shall be elected by the BOARD from among the directors. In the absence or disability of the President, the Vice President shall perform all the duties of the

President, and when so acting shall have all the powers of and be subject to all the restrictions applicable to the President. He shall have such other powers and perform such other duties as from time to time may be prescribed by the BOARD or the BY-LAWS.

(c) The Secretary shall be elected by the BOARD but need not be a director or a Member of the MASTER ASSOCIATION. The Secretary shall keep or cause to be kept, at the principal office of the MASTER ASSOCIATION or such other reasonable place as the BOARD may order, a book of minutes of all meetings of directors and Members, including (without limitation) the time and place of holding, whether regular or special and, if special, how authorized, the notice thereof given, the names of those present at directors' meetings, the number of Members and votes present in person or by proxy at Members' meetings, and the proceedings thereof. The Secretary shall keep appropriate current records showing the Members of the MASTER ASSOCIATION and their addresses. He shall give notice of all the meetings of the Members and of the BOARD as required by the BY-LAWS or by law; and shall keep the seal of the MASTER ASSOCIATION in safe custody. The Secretary shall have such other powers and perform such other duties as may be prescribed by the BOARD or by the BY-LAWS.

(d) The Treasurer shall be elected by the BOARD but need not be a director or a Member of the MASTER ASSOCIATION. The Treasurer shall keep and maintain adequate and correct accounts of the properties and business transactions of the MASTER ASSOCIATION, including accounts of its assets, liabilities, receipts and disbursements. The books of accounting shall at all reasonable times be open to inspection by any director. The Treasurer shall deposit all monies and other valuables in the name and to the credit of the MASTER ASSOCIATION with such depositaries as may be designated by the BOARD; and shall disburse funds of the MASTER ASSOCIATION as may be ordered by the BOARD. He shall render to the President and directors, whenever they request it, an account of all his transactions as Treasurer and of the financial condition of the MASTER ASSOCIATION. The Treasurer shall have such other powers and perform such other duties as may be prescribed by the BOARD or the BY-LAWS.

ARTICLE V

MISCELLANEOUS

SECTION 5.1 MANAGER

The BOARD may employ the services of a Manager to manage the affairs of the MASTER ASSOCIATION, and, to the extent not inconsistent with the laws of the State of California, the BOARD may delegate to the Manager any of its rights or powers under the LAKE FOREST RESTRICTIONS.

SECTION 5.2 BONDS

All persons, whether members of the BOARD, officers, or otherwise, with authority to sign checks, drafts or other orders for payment of money or notes or contracts or to otherwise obligate the MASTER ASSOCIATION shall (at the expense of the MASTER ASSOCIATION)

furnish an adequate and sufficient bond to insure the faithful and honest performance by them of their duties in connection therewith.

SECTION 5.3 **CORPORATE SEAL**

The MASTER ASSOCIATION shall have a seal in circular form having within its circumference the words "LAKE FOREST NO. II/MASTER HOMEOWNERS ASSOCIATION, Incorporated April 16, 1971, California."

SECTION 5.4 **ADOPTION OF ORIGINAL BY-LAWS**

Subject to the right of Members to adopt, amend or repeal the BY-LAWS pursuant to Section 5.5 hereof, the original BY-LAWS of the MASTER ASSOCIATION may be adopted by the unanimous vote or written consent of all Members of the BOARD.

SECTION 5.5 **AMENDMENT OF BY-LAWS**

BY-LAWS may be adopted, amended or repealed by the Members by the affirmative vote of two-thirds (2/3) of the total votes cast in person or by proxy at a meeting or election of the Members at which a quorum is present; provided, however, that none of the provisions of Paragraphs (a) or (b) of Section 2.1 hereof, nor any of the provisions of Sections 3.1 or 3.2 hereof, shall be amended or repealed, in whole or in part, without the affirmative vote or written consent of Members holding not less than three-fourths (3/4) of the total voting power of the MASTER ASSOCIATION.

SECTION 5.6 **NOTICES**

Any notice or other document relating to or required by these By-Laws may be delivered either personally or by mail. If by mail, it shall be deemed to have been delivered forty-eight (48) hours if by first class mail or seven (7) days if by bulk mail after the notice or other document has been deposited in the United States Mail, postage prepaid, addressed as follows: If to the Association or the Board, at 24752 Toledo Way, El Toro, California, 92630; if to a director or member, at the address from time to time given by such director or member to the secretary for the purpose of service of such notice, or if no such address has been so given, to the address of any lot within Lake forest owned by such director or member. *(Amended by Membership Vote, June 15, 1981)*

SECTION 5.7 **ROBERTS RULES OF ORDER**

Except as may be provided in these BY-LAWS, all meetings of the OWNERS and BOARD shall be conducted in accordance with Roberts Rules of Order.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that:

(1) I am the duly elected and acting Secretary of the LAKE FOREST NO. II/MASTER HOMEOWNERS ASSOCIATION;

(2) The foregoing BY-LAWS constitute the original By-Laws of said corporation as duly adopted at the first meeting of the Board of Directors thereof duly held on April 30, 1971.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said corporation this 30th day of April, 1971.

/s/ James M. Parker

Secretary

[SEAL]