

BY-LAWS
OF
CORONA-LAURELWOOD HOMEOWNERS ASSOCIATION

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BY-LAWS
OF
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ARTICLE I
NAME AND LOCATION

Section 1. Name and Location. The name of the corporation is CORONA LAURELWOOD HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association." The principal office of the Association shall be located at the Project in the City of Corona, County of Riverside, State of California.

ARTICLE II
DEFINITIONS

Section 1. "Association" shall mean and refer to CORONA LAURELWOOD HOMEOWNERS ASSOCIATION, a California nonprofit, mutual benefit corporation, particularly described in the Declaration of Restrictions recorded on the Project, provided that membership shall be limited to Owners.

Section 2. "Project" shall mean and refer to that certain real property more particularly described as Lots 39-54, 56, B, C & E of Tract 18311-1 recorded in Book 128, Pages 12 to 17, inclusive, of Maps

in the Office of the County Recorder for Riverside County, together with improvements constructed thereon.

Section 3. "Lot" shall mean and refer to a recorded lot shown upon the recorded subdivision map of the Project, and all improvements constructed thereon.

Section 4. "Common Area" shall mean and refer to that certain real property, together with all Improvements thereon, which shall be owned by the Association for the common use, benefit and enjoyment of the Owners in the Project. The Common Area to be so owned by the Association at the time of the conveyance of the first Lot in this first Phase of the Project is described as follows:

Lot 56, B, C & E of Tract 18311-1 as per Map recorded on February 2, 1983 in Book 128, Pages 12 to 17 of Miscellaneous Maps in the Office of the County Recorder for Riverside County.

Said real property shall be conveyed to the Association, lien free, except for real property taxes not yet payable.

Section 5. "Declarant" shall mean and refer to PRESLEY OF SOUTHERN CALIFORNIA, a California corporation, and to its successors and assigns if such successors and assigns acquire Declarant's rights and obligations hereunder by express written assignment which shall be recorded in the Office of the County Recorder for Riverside County.

Section 6. "Owners" shall mean and refer to the record owner or owners, if more than one, or the purchaser under an installment sales contract, of the fee simple title to any Lot in the Project, or purchases of a leasehold

estate in and to any Lot, but excluding those holding an interest in a Lot merely as security for the performance of an obligation.

Section 7. "Common Expenses" shall mean and refer to the actual and estimated costs to be paid by the Association for the following: (a) maintaining, managing, operating, repairing and replacing the Common Area; (b) managing and administering the Association, including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and any Association employees; (c) providing utilities and other services to the Common Area (d) providing insurance as provided for herein; (e) paying that portion of any assessment attributable to Common Expenses not paid by the Owner responsible for payment; (f) paying taxes for the Association; (g) paying for all other goods and services designated by, or in accordance with, other expenses incurred by the Association for the benefit of all Owners; (h) adequate reserves for maintenance, repairs, and replacement of those Improvements that must be replaced on a periodic basis, either in the Common Area or on the individual Lots, as provided for in the Declaration; and (i) maintaining the landscaping and related improvements on individual Lots, as provided for in the Declaration.

Section 8. "Annual Assessment" shall mean and refer to the charge against each Owner, and his respective Lot, representing a portion of the Common Expense of the Association.

Section 9. "Special Assessments" shall mean and refer to the charge against an Owner and his respective Lot representing a portion of the cost of reconstructing any damaged or destroyed portion or portions of the Common

Area, of constructing or installing any capital improvements to the Common Area, or of taking any extraordinary action for the benefit of the Common Area pursuant to the provisions of the Declaration of Restrictions recorded on the Project.

Section 10. "Improvements" shall mean and refer to all structures and appurtenances thereto of every kind, including, but not limited to, residential structures, parking areas, private streets, driveways, walkways, fences, walls, retaining walls, poles, signs, pool, spa and related recreational facilities, irrigation, trees shrubbery and other landscaping.

Section 11. "Declaration" shall mean and refer to the Declaration of Restrictions recorded or to be recorded on the Project in the Office of the County Recorder for the County of Riverside, State of California.

Section 12. "Member" shall mean and refer to every person or entity who holds membership in the Association, as more particularly set forth in Article III hereof, and shall be synonymous with the term "Owner" as defined hereinabove.

Section 13. "City" shall mean and refer to the City of Corona.

Section 14. "Residential Structure" shall mean and refer to the individual dwelling and related improvements, such as enclosed patio area and garage, which are designed and intended for use and occupancy as a single-family residence and which occupies a separate Lot in the Project.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every person or entity who or which is an Owner as defined hereinabove shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest in any Lot in the Project as security for the performance of an obligation.

Section 2. Voting Rights. The Association shall have two (2) classes of voting membership, as follows:

Class A. Class A Members shall be all Owners in the Project, with the exception of the Declarant, and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. The Class B Member shall be the Declarant, and shall be entitled to three (3) votes for each Lot owned in the Project upon which Declarant is then paying the appropriate monthly assessments provided for hereinbelow. The Class B membership shall cease and be converted to Class A membership upon 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;

(b) The second anniversary of the original issuance of the most recently issued Public Report for a phase of the project; or

(c) On the fourth anniversary of the original issuance of the Final Public Report for the first Phase of the Project.

Section 3. Vesting of Voting Rights. The voting rights attributable to any given Lot in the Project shall not vest until the assessments provided for in the Declaration against said Lots have been levied by the Association.

Section 4. Transfer. The Association membership held by any Owner of a Lot shall not be transferred, pledged or alienated in any way except upon the sale of such Lot. In the event of such sale, the Association membership may only be transferred, pledged or alienated to a bona fide purchaser of the Lot, or to the mortgagee (or third-party purchaser) of such Lot upon a foreclosure sale. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association.

Section 5. Proxies. Votes may be cast in person or by proxy.

Proxies must be filed with the Secretary before the appointed time for each meeting. Every proxy shall be revocable and shall automatically cease upon the conveyance by the Member of his Lot.

SECTION IV

MEETINGS OF MEMBERS

Section 1. Organizational and Annual Meetings. Regular meetings of Members of the Association shall be held not less frequently than once each calendar year at the time and place prescribed by these By-Laws. The first meeting of the Association, whether a regular or special meeting, shall be held within forty-five (45) days after the closing of the sale of the Lot which represents the fifty-first (51st) percentile interest authorized for sale under the first Public Report for this Project, but in no event shall the meeting be held later than six (6) months after the closing of the sale of the first Lot. Subsequent regular annual meetings of the members shall be held within thirty (30) days of the same day of the same month of each year thereafter. At such meetings, there shall be elected by ballot of the Members a Board of Directors in accordance with the requirements of Article VI of these By-Laws. The Members may also transact such other business of the Association as may properly come before them.

Section 2. Special Meetings. A special meeting of the Members of the Association shall be promptly called by the Board of Directors upon:

- (a) The vote for such meeting by a majority of a quorum of the Board of Directors; or

(b) Receipt of a written request therefor signed by Members representing at least five percent (5%) of the total voting power of the Association.

No business shall be transacted at a special meeting except as stated in the notice unless by consent of a quorum of the Owners present, either in person or by proxy.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting by mailing a copy of such notice by first class mail, postage prepaid. Except in emergency situations, not less than ten (10) days nor more than ninety (90) days notice of any such meeting shall be provided to each Member required or permitted to take any action, addressed to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the nature of the business to be undertaken at the meeting.

Section 4. Quorum. The presence in person or by proxy of Owners holding at least twenty-five percent (25%) of the voting power of the Association shall constitute a quorum for the transaction of business at all meetings. In the absence of a quorum at a Members' meeting, a majority of those present in person or by proxy may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum shall be to a date not less than five (5) days and not more than thirty (30) days from the

original meeting date. The quorum for such a meeting shall be at least twenty-five percent (25%) of the total voting power of the Association, present in person or by proxy. If a time and place for the adjournment 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 of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings.

Section 5. Action Without Meeting. Any action which may be taken by the vote of Members at any regular or special meeting, except the election of Directors where cumulative voting is a requirement, 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 pursuant to Section 7513 of the California Corporations Code. All such written ballots shall be filed with the Secretary of the Association and maintained in the corporate records. 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. All solicitations of ballots shall indicate the number of responses

needed to meet the quorum requirement and shall state the percentage of approvals necessary to pass the measure submitted. The solicitation shall specify the time by which the ballot must be received in order to be counted. A written ballot may not be revoked. Directors may not be elected by written ballot under this Section.

Section 6. Meetings of the Members. The meetings of the Members shall be held at the Project, or as close thereto within the City as may be designated by the Board of Directors.

ARTICLE V

BOARD OF DIRECTORS: SELECTION, TERM OF OFFICE

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

Section 2. Election and Term of Office. At the first annual meeting of the Association, the Members shall elect the Directors in accordance with the provisions set forth herein. All positions on the Board of Directors shall be filled at that election. The Members shall elect three (3) Directors for a term of two (2) years and two (2) Directors for a term of one (1) year. At the expiration of the initial term of office of each respective Director,

his successor shall be elected to serve a term of two (2) years. The Directors shall hold office until their successors have been elected and hold their first meeting.

Section 3. Removal. At any regular or special meeting duly called any one or more of the Directors may be removed with or without cause as provided herein, and a successor may then and there be elected to fill the vacancy so created. Unless the entire Board of Directors is removed from office by the vote of Association Members, an individual Director shall not be removed prior to the expiration of his term of office if the number of votes cast against his removal would be sufficient to elect the Director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of Directors authorized at the time of the most recent election of the Director were then being elected. A Director who has been elected to office solely by the votes of Members of the Association other than the Declarant may be removed from office prior to the expiration of his term of office only by the vote of at least a simple majority of the voting power residing in Members other than the Declarant.

Section 4. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of a majority of the remaining Directors, even though they may constitute less than a quorum, and each Director so elected shall serve until a successor is elected at the next annual meeting of the Association.

Section 5. Compensation. No Director shall receive compensation for any service he may render to the Association; provided, however, that a Director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE VI

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not fewer than the number of vacancies that are to be filled. Nominations may be made from among Members or non-Members so long as the Class B membership exists. Thereafter, nominations shall only be made from among Members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election, the Members or their proxies may

cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is required for all elections in which two or more positions are to be filled subject only to the procedural prerequisites to cumulative voting prescribed in Section 7615(b) of the Corporations Code. Under cumulative voting, in any election of the members of the Board every Member (including Declarant) entitled to vote at such an election shall have the right to cumulate his votes and give one candidate, or divide among any number of the candidates, a number of votes equal to the total number of votes to which that Member is entitled to vote upon other matters multiplied by the number of Directors to be elected. Notwithstanding any other provision herein or in any other document regarding this Project to the contrary, in the event an election of the Board of Directors shall be held at a time when the Owners other than the Declarant do not have votes sufficient to assure the election by said Owners of at least one (1) Director, then Declarant shall be permitted to select, by vote, a maximum of four (4) Directors, and the Owners, other than the Declarant, shall vote for the selection of the remaining Director.

ARTICLE VII

MEETINGS OF DIRECTORS

Section 1. Regular and Special Meetings. Regular meetings of the Board of Directors shall be held no less than quarterly, and on such day and at such hour

may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday. Notice of the time and place of a regular meeting shall be posted at a prominent place or places within the Common Area, and shall be communicated to the Directors not less than four (4) days prior to the meeting unless the time and place of the meeting is fixed by the Directors and duly adopted herein; provided, however, that notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by two (2) Directors, other than the President, after not less than three (3) days' notice to each Director. The notice shall specify the time and place of the meeting and the nature of any special business to be transacted. Notice of a special meeting shall be posted as prescribed for notice of regular meetings, and shall be sent to all Directors not less than seventy-two (72) hours prior to the scheduled time of the meeting; provided, however, that notice of the meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting. Regular and special meetings of the Board shall be open to all Members of the Association; provided, however, that Association Members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board. The Board may, with the approval of a quorum of the Directors, adjourn a meeting and reconvene in executive session.

to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 2. Meetings of Directors. The meetings of the Directors shall be held at the Project or as close thereto in the City as possible as may be designated by the Board of Directors.

Section 3. Chairman; Conduct of Meetings. At the first meeting of the Board of Directors, a majority of a quorum of the Directors shall elect a Chairman of the Board to preside over all meetings of the Board held during the Board's term of office. In the event the Chairman shall be absent from any meeting, said meeting shall be presided over by such other Director as may be elected by a majority of a quorum of the Directors. The Secretary of the Association shall act as Secretary of the Board of Directors, but in the event the Secretary shall be absent the Chairman or presiding Director may appoint any person to act as Secretary for the meeting.

Section 4. Quorum. A majority of the total number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 5. Unanimous Written Consent. The Board of Directors may take actions without a meeting if all of the Directors consent in writing to

the action to be taken. If the Board resolves by unanimous written consent to take action, an explanation of the action taken shall be posted at a prominent place or places within the Common Area within three (3) days after the written consents of all the Directors have been attained.

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

(a) Exercise all powers, duties and authority vested in the Board by the California Corporations Code, except as otherwise limited in the Declaration of Restrictions;

(b) Exercise for the Association all powers, duties and authority vested in or delegated to the Association by the Declaration of Restrictions and not reserved to the Membership by other provisions of these By-Laws or the Declaration of Restrictions;

(c) Adopt and publish rules and regulations governing the use of the Common Area and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(d) Assess monetary penalties against a Member, and/or suspend said Member's voting rights and right to use the recreational facilities, if any, for the period during which any assessment

against said Member's Condominium remains unpaid; provided, however, the due process requirements set forth in Section 7341 of the California Corporations Code shall be followed with respect to the accused Member before a decision to impose discipline is reached (to wit, the accused Member shall be given fifteen (15) days prior notice sent by first class or registered mail, and the notice shall specify the reasons for the proposed penalty or suspension and shall provide an opportunity for the Member to be heard, orally or in writing, not less than five (5) days before such penalty or suspension is imposed by the Board of Directors); and

(e) Suspend a Member's voting rights and right to use the pool, spa and related recreational facilities for a period not to exceed thirty (30) days for any infraction of the Association's published rules and regulations; provided, however, the due process requirements set forth in Section 7341 of the California Corporations Code shall be followed with respect to the accused Member before a decision to impose discipline is reached.

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

to:

(a) Perform any and all duties imposed on the members of the Board, individually or collectively, by law, by the Declaration of Restrictions, by the Articles of Incorporation, or by those By-Laws;

(b) Appoint and remove, employ and discharge, and except as otherwise provided in these By-Laws, prescribe the duties and fix the compensation, if any, of all agents and employees of the Association;

(c) Supervise all officers, agents and employees of the Association to assure that their duties are properly performed;

(d) Meet at such times and places as required by these By-Laws;

(e) Cause to be kept a complete record of its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote;

(f) As more fully provided in the Declaration of Restrictions:

(1) Determine the amount of the annual assessment against each Unit at least thirty (30) days in advance of each annual assessment period;

(2) Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) Declare any assessment not paid within ten (10) days after the due date thereof to be delinquent and pursue

collection of said assessment pursuant to the remedies for nonpayment of assessments as set forth in the Declaration of Restrictions.

(g) Cause financial statements for the Association to be regularly prepared and copies distributed to each Member of the Association as follows:

(1) A pro forma operating statement (budget) for each fiscal year shall be distributed not less than sixty (60) days before the beginning of the fiscal year;

(2) 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 a Condominium and an operating statement for the period from the date of the first closing to the said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of assessments received, and receivable, identified by the number of the Condominium, and the name of the person or entity assessed;

(3) An annual report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year:

(A) A balance sheet as of the last day of the Association's fiscal year;

(B) An operating (income) statement for the fiscal year;

(C) A statement of changes in financial position for the fiscal year;

(D) Any information required to be reported pursuant to Section 8322 of the California Corporations Code.

An external audit by an independent certified public accountant shall be required for fiscal year financial statements (other than budgets) for any fiscal year in which the gross income to the Association exceeds Seventy-Five Thousand and NO/100 Dollars (\$75,000.00).

ARTICLE IX

OFFICERS AND THEIR DUTIES

Section 1. Enumeration and Qualifications of Officers. The officers of this Association shall be a President, Vice President, Secretary and a Treasurer. Said officers shall consist only of Members in good standing of the Association. Any Member serving as a Director of the Association may also simultaneously serve as an officer thereof.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year, unless he shall sooner resign, or shall be removed or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office at any time with or without cause by a majority of the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at such later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

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

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

(a) President: The President shall preside at all meetings of the Members of the Association; shall see that orders and

resolutions of the Board of Directors are carried out; shall co-sign all leases, mortgages, deeds and other written instruments, and shall co-sign all checks and promissory notes; provided, however, that the authority to co-sign all checks is assignable to a manager for the Project.

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

(c) Secretary: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members; shall co-sign all contracts, leases or other instruments executed in the name of or on behalf of the Association; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall co-sign all checks and promissory notes of the Association, provided, however, that the authority to co-sign all checks is assignable to a manager for the Project; and keep proper books of account.

Section 9. Compensation of Officers. No officer shall receive any compensation for services performed to the Association; provided, however, that an officer may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE X

COVENANT FOR ASSESSMENTS FOR THE ASSOCIATION

Section 1. Creation of the Lien and Personal Obligation of Assessments. As more particularly set forth in the Article entitled "Assessments" in the Declaration, the Declarant, for each Lot owned by it, and all other Owners of Lots, are obligated to pay to the Association the following assessments which may be levied by the Association against their respective Lots: (1) regular Annual Assessments; (2) Special Assessments for capital improvements; and (3) such other assessments as the Association may periodically establish. The annual and Special Assessments, together with interest, costs and reasonable attorneys' fees for the collection thereof, shall be a charge on the Lot against which it is assessed and shall be a continuing lien against same. Further, the assessment for each Lot, minimum, together with all costs of collection in the event of delinquency, shall be the personal obligation of the Owner of said Lot at the time said assessment fell due. All delinquent assessments shall be collected by the Association in accordance with the provisions set forth in the Article entitled "Effect of the Nonpayment of

Assessments: Remedies of the Association" in the Declaration. The personal obligation of any Owner, however, shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose and Basis of Assessments. All assessments levied by the Association shall be used exclusively to maintain the Common Area and to promote the recreation, health, safety and welfare of the Members. The Association, by and through its Board of Directors, shall levy and collect assessments from each Lot so that the aggregate collected is sufficient to cover all common costs and expenses incurred by the Association in connection with the performance and execution of its powers and duties as enumerated in the Declaration of Restrictions, By-Laws and Articles of Incorporation. All Lots shall share in the Common Expenses incurred on the Property. Until January 1 of the year immediately following the conveyance of the first Lot in the Project to an Owner, the maximum monthly assessment shall be as shown on the Association budget. Thereafter, the maximum Annual Assessment may be increased as set forth in the Declaration.

Section 3. Date of Commencement of Annual Assessments: Due Dates. The Annual Assessments for all Lots, including but not limited to, the Lots owned by the Declarant, shall commence on the first day of the month following the close of the first sale to a bona fide purchaser of a Lot in the Project. The Board of Directors shall fix the amount of the Annual Assessment against

each Lot at least thirty (30) days in advance of each Annual Assessment period, and send written notice of the Annual Assessment to every Owner subject thereto at least thirty (30) days in advance of each assessment period. The due dates for all assessments levied by the Association shall be established by the Board of Directors.

Section 4. Waiver Prohibited. No Owner may waive or otherwise avoid liability for any assessments for any reason whatsoever including, but not limited to, non-use of the Common Area or any portion thereof, or abandonment of his Lot.

ARTICLES XI

COMMITTEES

Section 1. The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purposes.

ARTICLE XII

INSPECTION OF BOOKS AND RECORDS

Section 1. The membership register, books of account and minutes of meetings of the Members, of the Board of Directors and of any and all

committees, shall be made available for inspection and copying by any member of the Association, or by his duly-appointed representative at any reasonable time and for a purpose reasonably related to his interest as a Member, at the office of the Association or at such other place within the Project as the Board shall prescribe.

Section 2. The Board shall establish reasonable rules with respect to:

- (a) Notice to be given to the custodian of the records by the Member desiring to make the inspection;
- (b) Hours and days of the week when such an inspection may be made; and
- (c) Payment of the cost of reproducing copies of documents requested by a Member.

Section 3. Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents.

ARTICLE XIII

AMENDMENTS

Section 1. So long as the two-class voting structure provided for herein shall remain in effect, these By-Laws may be amended only by the vote

or written assent of fifty-one percent (51%) of the voting power of each class of Members. At such time as the Class B membership shall cease and be converted to Class A membership, amendments to these By-Laws shall be enacted by requiring the vote or written assent of:

(a) Fifty-one percent (51%) of the total voting power of the Association; and

(b) Fifty-one percent (51%) of the votes of members other than the Declarant.

Notwithstanding the foregoing, the percentage of a quorum of the Members or of the votes of Members other than the Declarant necessary to amend a specific provision in these By-Laws shall not be less than the prescribed percentage of affirmative votes required for action to be taken under said provision.

Section 2. 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 of Restrictions and these By-Laws, the Declaration shall control.

ARTICLE XIV
CORPORATE SEAL

Section 1. The Association shall have a seal in circular form having within its circumference the words: CORONA LAURELWOOD HOMEOWNERS ASSOCIATION

ARTICLE XV

MISCELLANEOUS

Section 1. The fiscal year of the Administration shall begin on the first (1st) day of January and end on the thirty-first (31st) day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

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

"DECLARANT"

PRESLEY OF SOUTHERN CALIFORNIA,
a California corporation

By: 

Its: VICE PRESIDENT

By: 

Its: VICE PRESIDENT