

BYLAWS
OF
ROYAL PALM RANCH HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I. DEFINITIONS

Project Defined

Section 1.01.

"Properties" shall mean all of that certain real property located in the City of Chino, County of San Bernardino, State of California, and more particularly described as follows:

Lots 1 through 74 inclusive and Common Area Lots A through K inclusive of Tract 12510 in the County of San Bernardino as per map recorded in Book 171, pages 38 through 40 inclusive of Maps in the office of the County Recorder of said County.

Declaration Defined

Section 1.02.

"Declaration" shall mean that certain Declaration of Covenants, Conditions, and Restrictions applicable to the Project and filed in the Office of the San Bernardino County Recorder on February 10, 1983, as document number 84-047800 and following, as the same may be amended from time to time in accordance with the terms thereof.

Other Terms Defined

Section 1.03.

Other terms used herein shall have the meaning given to them in the Declaration and are hereby incorporated by reference and made a part hereof.

ARTICLE II. QUALIFICATIONS FOR MEMBERSHIP

Proof of and Qualification for Membership

Section 2.01.

No person or persons shall exercise the rights of membership until satisfactory proof has been furnished to the Secretary of

the Association of qualification as a Member or nominee of a Member pursuant to the terms of the Declaration. Such proof may consist of a copy of a duly executed and acknowledged grant deed or title insurance policy showing said person or the person nominating him is qualified in accordance therewith, which said deed or policy shall be deemed conclusive in the absence of a conflicting claim based upon a latter deed or policy. The sole qualification for membership shall be ownership of a condominium in the Project. The voting shares appurtenant to the membership shall be determined according to the schedule set forth in Article IV of the Declaration. No membership may be separated from the property to which it is appurtenant; provided, however, that the privileges of ownership may be exercised by a nominee of an Owner designated in writing so long as (1) the nominee is a resident on the property to which the membership is appurtenant; (2) no charge is made for use of the membership in excess of the amount of any assessments levied against the Owner by reason thereof; and (3) any such assignment of privileges is revocable at the will of the Owner.

Assessments

Section 2.02.

No initiation fees, costs, or dues shall be assessed against any person as a condition upon his exercise of the rights of membership except such assessments, levies and charges as are specifically authorized under the Declaration.

Certificates of Membership

Section 2.03.

The Board of Directors may provide for the issuance of certificates evidencing membership in the Association which shall be in such form as may be determined by the Board and which shall set forth the statements required by Section 7313(b) of the California Corporations Code. All certificates evidencing membership shall be consecutively numbered. The name and address of each Member and the date of issuance of the certificate shall be entered on the records of the Association maintained by the Secretary. If any certificate shall become lost, mutilated, or destroyed, a new certificate may be issued therefor upon such terms and conditions as the Board may direct.

ARTICLE III. VOTING RIGHTS

Class Voting Structure

Section 3.01.

The Association shall have two (2) classes of voting membership:

Class A - Class A members shall be all owners, with the exception of Declarant, and shall be entitled to one (1) vote for each condominium owner. When more than one person holds an interest in any condominium, 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 - Class B member(s) shall be Declarant and shall be entitled to three (3) votes for each lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of the earliest of the following to occur: (i) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or (ii) two years from the date of the original issuance of the most recent Final public report for a phase of the overall project; or (iii) four (4) years from the date of the original issuance of the Final Public Report for Phase I.

Any action by the Association which must have the approval of the Members before being undertaken shall require the vote or written ballot of a majority of the votes of each class of membership, except as otherwise required in these Bylaws or the Nonprofit Mutual Benefit Corporation Law.

Voting by Proxy

Section 3.02.

Each Member may vote in person or by proxy in accordance with Section 4.06 below.

Cumulative Voting

Section 3.03.

Cumulative voting, as more particularly described in Section 6.02 below, is permitted during the election of Directors.

ARTICLE IV. MEETINGS OF MEMBERS

Annual Meetings

Section 4.01.

The first annual meeting of the Members of the Association shall be held within forty-five (45) days after the closing of the sale of the Lot that represents the fifty-first (51st) percentile interest authorized for sale under the first Final Public Report issued for the Project by the California Real Estate Commissioner, or within six (6) months after the closing of the sale of the first lot within the Project, whichever is earlier. Thereafter, the annual meeting of the members of the Association shall be held on the first Monday of February of each succeeding calendar year at the hour of 8:00 P.M. If the day for the annual meeting of the Members is a legal holiday, the meeting shall be held at the same hour on the first day following which is not a legal holiday (excluding Saturday and Sunday).

Special Meetings

Section 4.02.

Special meetings of the Members may be called by a majority of a quorum of the Board or by the President of the Association. In addition, special meetings of the Members for any lawful purpose must be called by the Board upon receipt of a written request therefor by five percent (5%) or more of the Members.

Notice of Meetings

Section 4.03.

Whenever Members are required or permitted to take any action at a meeting, the Secretary of the Association shall cause written notice of the meeting to be given to each Member entitled to vote at the meeting not less than ten (10) and not more than ninety (90) days before the date of the meeting. The notice shall state the place, date, and time of the meeting and, in the case of a special meeting, the general nature of the business to be transacted at the meeting. In the case of a regular meeting, the notice shall state those matters which the Board, at the time the notice is given, intends to present for action by the Members at the meeting. The notice of any meeting at which directors are to be elected shall include the name of all those who are nominees at the time the notice is given to Members. Notice of a meeting

of Members shall be given to each Member either personally or by mail or other means of communication addressed to the Member at the address appearing for him or her on the books of the Association or given by the Member to the Association for purpose of notice. Where the notice is given by mail and is not mailed, postage prepaid, by first-class, registered, or certified mail, it shall be given not less than twenty (20) days before the meeting.

Place of Meetings

Section 4.04.

All meetings of the Members shall be held within the Project or at a meeting place specified in writing by the Board as close to the Project as possible. No meeting of the members shall, unless unusual conditions exist, be held outside of San Bernardino County, California, the county in which the Project is situated.

Quorum

Section 4.05.

The presence either in person or by proxy, at any meeting, of Members entitled to cast at least fifty-one percent (51%) of the total voting power of the Association, shall constitute a quorum for any action except as otherwise provided in the Declaration.

Proxies

Section 4.06.

At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association. Every proxy shall be revocable and shall automatically cease in conveyance by its maker of his lot or on receipt of written notice by the Secretary of the death or judicially declared incapacity of the maker of the proxy. No proxy shall be valid after expiration of eleven (11) months from the date of its execution unless otherwise specifically provided in the proxy, and the maximum term of any proxy shall be three (3) years from the date of its execution. A proxy may be revoked by its maker in the manner, and subject to the condition, stated in subdivision (b) of Section 7613 of the California Corporations Code. A proxy can not validly authorize a vote on any of the matters specified in subdivision (g) of Section 7613 of the California Corporations Code unless it specifically sets forth the general nature of the matter to be voted on.

Notice of Special Meetings

Section 4.07.

On written request to the Chairman of the Board or to the President, Vice-President, or Secretary of the Association by any person, other than the Board, entitled to call a special meeting of Members, the officer to whom the request is made shall forthwith cause notice of the special meeting to be given to each Member entitled to vote. The notice shall state that a special meeting of Members, pursuant to the request, will be held at a time fixed by the Board which shall be not less than thirty-five (35) nor more than ninety (90) days after receipt by the officer of the written request. Should the notice not be given within twenty (20) days after receipt by the officer of the request, the person or persons entitled to call the meeting who made the request may give notice of the meeting themselves or may petition the Superior Court of the State of California for the County of Riverside to summarily, after notice of the Association giving it an opportunity to be heard, order the giving of notice of the meeting. Where a petition is filed with the court, the court may issue such orders as may be appropriate including, without limitation, orders designating the time and place of the meeting, the record date for determining Members entitled to vote at the meeting, and the form of the notice.

Approval by Members Required by Statute

Section 4.08

Any approval of the Members, other than unanimous approval by those entitled to vote, shall be valid only if the general nature of the proposal so approved was stated in the notice of meeting or any waiver of notice of meeting where the approval of the Members was required by Section 7222, 7224, 7233, 7812, 8610, or 8719 of the California Corporations Code.

ARTICLE V. BOARD OF DIRECTORS

Numbers

Section 5.01.

The affairs of this Association shall be managed by a Board of Directors, consisting of five (5) persons, who need not be Members of the Association, until conversion of Class B memberships to Class A, after which time all Directors must be Members of the Association.

Term

Section 5.02.

At the first meeting of the Association, the Members shall elect ~~6~~ five (5) Directors for a term of one year; and at each annual meeting thereafter the members shall elect five (5) Directors for a term of one year.

Removal

Section 5.03.

Unless the entire Board 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, or not consenting in writing to such removal, is sufficient to elect such Director if voted cumulatively at an election at which the same total number of votes were cast (or, if such action is taken by written ballot, all memberships entitled to vote were voted) and the entire number of Directors authorized at the time of the Director's most recent election were then being elected. A Director who has been elected to office solely by the votes of Members of the Association other than Declarant as required by Section 6.03 of Article VI below, may be removed from office prior to the expiration of his term of office only by the vote of at least fifty-one percent (51%) of the voting power of Members other than Declarant.

Vacancies

Section 5.04.

In the event of a vacancy on the Board caused by the death or resignation of a Director, the remaining Members of the Board shall elect a successor who shall serve for the unexpired term of his predecessor. The Board shall not fill a vacancy on the Board created by the removal of a Director, except with the vote or written assent of a majority of each class of Members.

Compensation

Section 5.05.

A Director shall not receive any compensation for any service he may render to the Association; provided, however, that any Director may be reimbursed for actual out-of-pocket expenses incurred by him in the performance of his duties.

Powers and Duties of Directors

Section 5.06.

The Board shall have the powers and duties and shall be subject to the limitations of any such powers as enumerated in the Declaration.

ARTICLE VI. NOMINATION AND ELECTION OF DIRECTORS

Nomination

Section 6.01.

Nominations for election to the Board of Directors shall be made by:

(a) A nominating committee appointed by the Board at least ninety (90) days prior to an annual meeting of Members provided the report of the committee is received by the Board at least thirty (30) days prior to the annual meeting of Members:

(b) A petition in writing, containing the written consent to serve as a director of the person sought to be nominated, delivered to the Secretary of the Association at least thirty (30) days prior to an annual meeting of Members and signed within 11 months preceding the annual meeting by Members representing two percent (2%) of the "voting power" of the Association as the term "voting power" is defined in the Nonprofit Corporation Law of California;

(c) Any Member who is present in person, or by the proxy of any Member who is present by proxy, at the annual meeting of Members at which the Director is to be elected.

Election

Section 6.02

Voting for 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 provision of the Declaration. The persons receiving the highest number of votes shall be elected. Each Member may cumulate his votes and give one candidate a number of votes equal to the number of Directors to be elected multiplied by the number of votes to which he is entitled or distribute his votes on the same principle among as many candidates as he thinks fit.

Special Procedure

Section 6.03.

Notwithstanding the provisions of Section 6.02 of this Article, at any election in which the Members other than Declarant do not have a sufficient percentage of the voting power of the Association to elect at least one Director(s) through the cumulation of all of such Members' votes, the person(s) nominated for the Board who receives the highest number of votes cast by Members other than Declarant shall be elected to the Board, and the remaining Directors shall be elected in accordance with normal voting procedures.

ARTICLE VII. MEETINGS OF DIRECTORS

Regular Meetings

Section 7.01.

Regular meetings of the Board of Directors shall be held monthly at such place within the Project, and at such time as may be fixed from time to time by resolution of the Board. Notice of the time and place of such 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, provided however, that notice 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

Section 7.02.

Special meetings of the Board of Directors shall be held when called by written notice signed by the President of the Association or by any two Directors other than the President. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. Notice of any special meeting must be given in writing to each Director not less than three (3) days prior to the time set for the meeting. A copy of the notice of special meeting served on each Director shall also be posted in a prominent place or in prominent places in the Common Area of the Project.

Quorum

Section 7.03.

A majority of the Board shall constitute a quorum and, if a quorum is present, the decision of a majority of the Members present shall be the act of the Board.

Open Meetings

Section 7.04.

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.

Executive Session

Section 7.05.

The Board may, with the approval of a majority of a quorum, 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.

ARTICLE VIII. OFFICERS

Enumeration of Officers

Section 8.01.

The Officers of this Association shall be a President and Vice-President, who shall at all times be Members of the Board of Directors, and a Secretary and Treasurer, and such other Officers as the Board may from time to time by resolution create.

Term

Section 8.03.

The Board may appoint 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.

Resignation and Removal

Section 8.04.

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

Upon resignation or removal of an Officer, the position shall be filled in the manner prescribed in the Bylaws for regular appointment to such office. The appointee to such vacated office shall serve the remainder of the term of the Officer he replaces.

Multiple Offices

Section 8.05.

The offices of Secretary or Assistant Secretary and Treasurer may be held by the same person. No person shall be appointed to more than one of any of the other offices except in the case of special offices created pursuant to Section 8.03 of this Article.

Compensation

Section 8.06.

An Officer shall not receive any compensation for any service he may render to the Association; provided, however, that any Officer may be reimbursed for actual out-of-pocket expenses incurred by him in the performance of his duties.

ARTICLE IX. PRESIDENT

Election

Section 9.01.

At the first meeting of the Board immediately following the annual meeting of the Members, the Board shall elect one of their number to act as President.

Duties

Section 9.02.

The President shall:

(a) Preside over all meetings of the Members and of the Board;

(b) Sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes of the Association, unless the Board by duly adopted resolution has authorized a signature of a lesser officer;

(c) Call meetings of the Board whenever he deems it necessary in accordance with rules and upon notice agreed upon by the Board. The notice period shall, with the exception of emergencies, in no event be less than three (3) days;

(d) Have, subject to the advice of the Board, general supervision, direction, and control of the affairs of the Association and discharge such other duties as may be required of him by the Board.

ARTICLE X. VICE-PRESIDENT

Election

Section 10.01.

At the first meeting of the Board immediately following the annual meeting of the Members, the Board shall elect one of its Members to act as Vice-President.

Duties

Section 10.02.

The Vice-President shall:

(a) Act in the place and in the stead of the President in the event of his absence, inability, or refusal to act;

(b) Exercise and discharge such other duties as may be required of him by the Board. In connection with any such additional duties, the Vice-President shall be responsible to the President.

Duties

Section 9.02.

The President shall:

(a) Preside over all meetings of the Members and of the Board;

~~(b) Sign as President all deeds, contracts, and other instruments in writing which have been first approved by the Board, unless the Board, by duly adopted resolution, has authorized the signature of a lesser Officer;~~

(c) Call meetings of the Board whenever he deems it necessary in accordance with rules and upon notice agreed upon by the Board. The notice period shall, with the exception of emergencies, in no event be less than three (3) days.

(d) Have, subject to the advice of the Board, general supervision, direction, and control of the affairs of the Association and discharge such other duties as may be required of him by the Board.

ARTICLE X. VICE-PRESIDENT

Election

Section 10.01.

At the first meeting of the Board immediately following the annual meeting of the Members, the Board shall elect one of its Members to act as Vice-President.

Duties

Section 10.02.

The Vice-President shall:

(a) Act in the place and in the stead of the President in the event of his absence, inability, or refusal to act;

(b) Exercise and discharge such other duties as may be required of him by the Board. In connection with any such additional duties, the Vice-President shall be responsible to the President.

ARTICLE XI. SECRETARY

Election

Section 11.01.

At the first meeting of the Board immediately following the annual meeting of the Members, the Board shall elect a Secretary.

Duties

Section 11.02.

The Secretary shall:

- (a) Keep a record of all meetings and proceedings of the Board and of the Members;
- (b) Keep the seal of the Association, if any, and affix it on all papers requiring said seal;
- (c) Serve such notices of meetings of the Board and the Members required either by law or by these Bylaws;
- (d) Keep appropriate current records showing the Members of this Association together with their addresses;
- (e) Sign as Secretary all deeds, contracts, and other instruments in writing which have been first approved by the Board if said instruments require a second Association signature unless the Board has authorized another Officer to sign in the place and stead of the Secretary by duly adopted resolution.

ARTICLE XII. TREASURER

Election

Section 12.01.

At the first meeting of the Board immediately following the annual meeting of the Members, the Board shall elect a Treasurer.

Duties

Section 12.02. The Treasurer shall:

- (a) Receive and deposit in such bank or banks as the Board may from time to time direct, all of the funds of the Association;

(b) Be responsible for and supervise the maintenance of books and records to account for such funds and other Association assets;

(c) Disburse and withdraw said funds as the Board may from time to time direct, and in accordance with prescribed procedures;

(d) Prepare and distribute the financial statements for the Association required by the Declaration.

(e) Sign all checks and promissory notes of the Association.

ARTICLE XIII. SUBORDINATE OFFICERS

Appointment

Section 13.01.

The Board may appoint such subordinate Officers as it deems desirable from time to time.

Duties

Section 13.02.

Such subordinate Officers shall have the duties that the Board may from time to time prescribe, including the right to act in the place and stead of such Officers, other than the President, as the Board may designate.

ARTICLE XIV. BOOKS AND RECORDS

Required Records

Section 14.01.

The Association shall maintain at the principal office of the Association:

- (a) Copies of its Governing Instruments as last amended;
- (b) Adequate and correct books and records of account;
- (c) Minutes of the proceedings of its Members, of its Board, and of committees of its Board;
- (d) A Membership Register consisting of a record of its Members giving their names and addresses and the class of membership held by each.

Right to Membership Records

Section 14.02.

Each Member shall have the rights to inspect, copy, demand, and obtain a record of all Members' names, addresses, and voting rights as is given to members of nonprofit mutual benefit corporations by Article 3 of Chapter 13, commencing with Section 8330 of the Corporations Code of the Nonprofit Mutual Benefit Corporation Law of California.

Inspection of Minutes and Accounts by Members

Section 14.03.

The accounting books and records of the Association as well as the minutes of proceedings of its Members, of its Board, and of committees of its Board, shall be open to inspection and copying at any reasonable time by any Member, or by any Member's duly appointed representative, for any purpose reasonably related to the Member's interests as a Member of the Association on written demand made to the Association. The Board shall establish reasonable rules with respect to:

- (a) The notice to be given to the custodian of the records by members desiring to make such inspection or copying;
- (b) The 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.

Inspection by Director

Section 14.04.

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 or copies of documents.

ARTICLE XV. NOTICES

Method for Giving Notice

Section 15.01.

Any notice permitted or required to be delivered as provided herein may be delivered either personally or by mail. If delivery is by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of same has been deposited in the United States mail, postage prepaid, addressed to each such person at the address given by such person to the Secretary of the governing body for the purpose of service of such notice or to the Unit of such person if no address has been given to the Secretary. Such address may be changed from time to time by notice in writing to the Secretary.

Consent to Waiver of Notice

Section 15.02.

The transactions of any meeting of the Members, however called or noticed, shall be as valid as though made at a meeting duly held after regular call and notice if a quorum be present, in person or by proxy, if either before or after the meeting each Member entitled to vote but not present thereat signs a written waiver of notice, or a consent to the holding of such meeting, or approval of the true and correct minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

ARTICLE XVI. AMENDMENTS

Amendment of Bylaws

Section 16.01.

These Bylaws may be amended, at a regular or special meeting of the Members, by the affirmative vote (in person or by proxy) or written consent of Members representing a majority of a quorum of the Association which shall include a majority of the votes of Members other than Declarant, or where the two-class voting structure is still in effect, shall include a majority of each class of Members. Notwithstanding the above, the percentage of voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. So long as there is a Class B membership, any Amendment to these By-Laws shall require the prior approval of the Veterans Administration.

Prior Approval of Commissioner

Section 16.02.

Where required under Section 11018.7 of the California Business and Professions Code, the prior written consent of the Real Estate Commissioner shall be obtained prior to submitting a proposed amendment to these Bylaws to the vote of the Members.

CONSENT TO ADOPTION OF BY-LAWS

We, the undersigned, are the persons named as the initial directors of ROYAL PALM RANCH HOMEOWNERS ASSOCIATION, INC., a California non-profit mutual benefit corporation, and, pursuant to the authority granted to directors in Section 307(b) of the California Corporations Code to take action by unanimous written consent without a meeting, we hereby approve and consent to the adoption of the foregoing Bylaws consisting of seventeen pages, as the Bylaws of said corporation.

Dated: _____

