

B Y L A W S

of

LOS RANCHITOS HOMEOWNERS ASSOCIATION

A Nonprofit Corporation

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BYLAWS
of
LOS RANCHITOS HOMEOWNERS ASSOCIATION
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ARTICLE I

PRINCIPAL OFFICE

The principal office of Los Ranchitos Homeowners Association, a California nonprofit corporation, (hereinafter called the "Association"), is fixed and located at 30000 Ynez Road, Temecula, California 92390. The Board of Directors is granted power to change from time to time the location of said principal office to another within the Rancho California area of Riverside County.

ARTICLE II

MEMBERS

Section 1. CLASSIFICATION

There shall be one membership for each lot in the Los Ranchitos development, being Tracts Nos. 3552, 3646, 3750, and 3752, Riverside County. There shall be no classification of memberships, and each membership shall be appurtenant to a particular lot in the development.

Section 2. QUALIFICATION

Each person who is the owner of a fee simple interest in a lot in the development shall be entitled to a membership in the Association. In the event that such interest is owned by two or more persons in joint tenancy or tenancy in common, each co-owner shall be entitled to become a member of the Association, but all such owners shall be entitled collectively to only one vote.

Section 3. TRANSFERABILITY OF MEMBERSHIP

Membership in the Association shall be transferrable only when the particular lot has been validly conveyed by written instrument or by operation of law.

Section 4. DUES

Persons eligible for membership shall become members upon payment of annual dues as hereinafter set forth, and membership shall be forfeited for nonpayment of dues upon the expiration of sixty (60) days after they become delinquent.

Annual dues shall be in an amount as fixed and determined by the Board of Directors, but not to exceed Twenty Five (\$25.00) Dollars per year without approval of a majority of members, provided, however that they shall be equal in amount as to each lot in the development. Persons who own two or more lots shall pay dues on all lots owned in order to become and remain members. The fiscal year of the Association shall be from July 1 to June 30 each year.

Section 5. NONLIABILITY OF MEMBERS

No member of the Association shall be personally liable for the debts, liabilities, or obligations of the Association.

ARTICLE III

MEETINGS OF MEMBERS

Section 1. PLACE

Meetings of members shall be held at least once annually and at such time and place within the Rancho California area as the Board of Directors shall determine. Special meetings of the members may be called by the President, or by the Board of Directors, or by 10% of the membership of the Association, to be held within the Rancho California area.

Section 2. NOTICE OF MEETINGS

Written notice of the annual and any other regular meeting shall be given to each member by mail by the Secretary or other person designated by the

President at least ten (10) days prior to the date of the meeting. Notice of special meetings shall be given by the person or persons calling such meeting, or by any person designated by him or them, and the notice shall state the purpose or purposes of the meeting.

Section 3. QUORUM

The presence of fifteen percent (15%) of the membership shall constitute a quorum.

Section 4. VOTING

The owner or owners collectively of each lot who are members of the Association shall have one vote. Cumulative voting for the election of directors or otherwise shall not be authorized.

Section 5. ADJOURNMENT FOR LACK OF QUORUM

In the absence of a quorum, any meeting of the members may be adjourned from time to time by the vote of a majority of the members present, but no other business shall be transacted.

Section 6. NOTICE OF ADJOURNED MEETING

When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of the original meeting. When a meeting is adjourned for less than thirty (30) days, it is not necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted thereat other than by announcement at the meeting at which the adjournment is taken.

Section 7. LOSS OF QUORUM

The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment notwithstanding the withdrawal of enough members to leave less than quorum.

Section 8. CONDUCT OF MEETINGS

(a) Meetings of members shall be presided over by the President of the Association or, in his absence, by the Vice President or, in the absence of both, by a chairman chosen by a majority of the members present. The Secretary of all meetings of members, provided that in his absence the presiding officer shall appoint another person to act as Secretary of the meeting.

ARTICLE IV

DIRECTORS

Section 1. NUMBER

The authorized number of Directors shall be nine (9) until changed by amendment to the Articles of Incorporation or by an amendment to these Bylaws duly adopted by the members.

Section 2. QUALIFICATIONS

Any member is eligible to be elected a Director of this Corporation.

Section 3. ELECTION AND TERM OF OFFICE

Three (3) Directors shall be elected at each annual meeting of members, each for a term of three (3) years, provided, however, that at the first election of Directors nine (9) shall be elected. Those so elected shall thereupon draw lots to determine which three of them shall have a term of one year, which three a term of two years, and which three a term of three years. Candidates receiving the highest number of votes up to the number of Directors to be elected, are elected. All Directors shall hold office until their respective successors are elected.

Section 4. REMOVAL OF DIRECTORS

The entire Board of Directors, or any individual Director, may be removed from office at any time by the vote of a majority of the members of the corporation. If any or all Directors are so removed, new Directors may be elected at the same meeting and they shall hold office for the remainder of the terms of the removed Directors. If new Directors are not elected at such meeting, the vacancy or vacancies created by the removal shall be filled as provided in Section 7.

Section 5. VACANCIES

Vacancies in the Board of Directors shall exist (1) on the death, resignation, or removal of any Director; (2) whenever the number of Directors authorized is increased; and (3) on failure of the members in any election to elect the full number of Directors authorized.

Section 6. DECLARATION OF VACANCY

The Board of Directors may declare vacant the office of a Director (a) if he is declared of unsound mind by an order of court, or finally convicted of a felony; or (2) if within sixty (60) days after notice of his election he does not accept the office either in writing or by attending a meeting of the Board of Directors.

Section 7. FILLING VACANCIES BY DIRECTORS

Vacancies caused by the death, resignation, or disability of a Director or Directors, or by his or their removal as provided in these Bylaws, or by amendment of the Articles of Incorporation increasing the number of Directors authorized shall be filled by a majority of the remaining Directors, though less than a quorum, as hereinafter defined, or by the sole remaining Director.

Section 8. RESIGNATION EFFECTIVE AT FUTURE DATE

If the Board of Directors accepts the resignation of a Director tendered to take effect at a future time, either the Board or the members may elect a successor to take office when the resignation becomes effective.

Section 9. FILLING VACANCIES BY MEMBERS

A majority of the members of the association may elect a Director at any time to fill any vacancy not filled by the Directors as provided in Paragraphs 7 and 8 of this Article. Should the office of all Directors become vacant and there is consequently no Director left to fill vacancies, the vacancies shall be filled by a majority of the members of the Association at the annual, or a regular, or a special meeting called for that purpose at which a quorum is present.

Section 10. TERM OF OFFICE

A person elected Director to fill a vacancy as in this Article provided shall hold office for the unexpired term of his predecessor or until his death, resignation, or disability, or until his removal, as in these Bylaws provided.

Section 11. REDUCTION OF NUMBER

A reduction of the authorized number of Directors does not remove any Director prior to the expiration of his term of office.

Section 12. COMPENSATION

Directors shall receive no compensation for their services.

ARTICLE V

MEETINGS OF DIRECTORS

Section 1. PLACE

Meetings shall be held at such place or places within the Rancho California area which have been designated from time to time by resolution of the Board of Directors. In the absence of such designation, meetings shall be held at the principal office of the corporation, provided that any such meeting held elsewhere shall be valid if held on the written consent of all Directors given either before or after the meeting and filed with the Secretary of the corporation.

Section 2. REGULAR MEETINGS

Regular meetings shall be held at such time and place as may be designated by the Board of Directors.

Section 3. SPECIAL MEETINGS

Special meetings of the Board may be called by the President, or, if he is absent or is unable or refuses to act, by the Vice President, or by any two Directors, and such meetings shall be held at the place, within the Rancho California area, designated by the person or persons calling the meeting, and in the absence of such designation at the principal office of the corporation.

Section 4. NOTICE

The Secretary, or other person designated by the President, shall deliver written notice of the time and place of meetings of the Board to each Director personally or by United States mail or telegram, addressed to him at his address as it appears on the books of the corporation. Notification by telephone is also authorized. Notice of all regular meetings is hereby dispensed with.

Section 5. QUORUM

Five (5) Directors shall constitute a quorum for the transaction of business.

Section 6. MAJORITY ACTION AS BOARD ACTION

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 is the act of the Board of Directors, unless the law, the Articles of Incorporation of this corporation, or these Bylaws required a greater number.

Section 7. VALIDATION OF MEETING DEFECTIVELY CALLED OR NOTICED

The transactions of any meeting of the Board, however called and noticed or wherever held, is as valid as though the meeting had been duly held after proper call and notice, provided a quorum is present and provided that either before or after the meeting each of the Directors not present signs a waiver of notice, or a consent to holding the meeting, or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the corporation records or made a part of the minutes of the meeting.

Section 8. CONDUCT OF MEETINGS

Except as other wise expressly provided by these Bylaws, or by law, no business shall be considered by the Board at any meeting at which a quorum is not present, and the only motion which the Chair shall entertain at such meeting is a motion to adjourn. However, a majority of the Directors present at such meeting may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 9. MEETINGS OF DIRECTORS

Meetings of Directors shall be presided over by the President of the Association, in his absence by the Vice President, or, in the absence of both, by a chairman chosen by a majority of the Directors present. The Secretary of the corporation shall act as Secretary of the Board of Directors. In case the Secretary is absent from any such meeting, the presiding officer may appoint any person to act as Secretary for the meeting.

Section 10. ACTION BY UNANIMOUS WRITTEN CONSENT WITHOUT MEETING

Any action required or permitted to be taken by the Board of Directors under any provision of law may be taken without a meeting, if all members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as the unanimous vote of such Directors. Any certificate or other document filed under any provision of law which relates to unanimous written consent of the Board of Directors without a meeting and that the Articles of Incorporation and Bylaws of this corporation authorize the Directors to so act, and such statement shall be prima facie evidence of such authority.

Section 11. NONLIABILITY OF DIRECTORS

The Directors shall not be personally liable for the debts, liabilities, or other obligations of the Corporation.

ARTICLE VI

OFFICERS

Section 1. NUMBER AND TITLES

The officers of the corporation shall be a President, a Vice President, a Secretary, and a Treasurer. The corporation may also have, at the discretion of the Board of Directors, one or more additional Vice Presidents, one or more Assistant

Secretaries, one or more Assistant Treasurers, and such other officers as may be appointed by the Board of Directors. One person may hold two or more offices, except those of President and Secretary.

Section 2. ELECTION AND TERM OF OFFICE

Officers, other than those appointed at the discretion of the Board, shall be chosen annually from among the members by the Board at its first regular meeting following members by the Board at its first regular meeting following the annual election of Directors, and each such officer shall hold office until he resigns or is removed or his successor is elected and qualified, whichever occurs first. Officers appointed at the discretion of the Board shall serve such terms, have such authority, and perform such duties as are provided in these Bylaws or as may be prescribed from time to time by the Board.

Section 3. REMOVAL AND RESIGNATION

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

Section 4. VACANCIES

Any vacancy caused by the death, resignation, or otherwise of any officer, other than those appointed at the discretion of the Board, shall be filled by the Board of Directors for the unexpired portion of the term. In the event of a vacancy in any office other than that of President, such vacancy may be filled temporarily by appointment of the President until such time as the Board shall fill the vacancy. Vacancies occurring in the offices of officers appointed at the discretion of the Board may or may not be filled as the Board shall determine.

Section 5. PRESIDENT

The President shall be the chief executive officer of the corporation and shall in general, subject to the control of the Board of Supervisors, supervise and control all of the business and affairs of the corporation. He shall perform all duties incident to his office and such other duties as may be required by law, by the Articles of Incorporation or by these Bylaws, or which may be prescribed at meetings of the members and meetings of the Board of Directors.

Section 6. DUTIES OF VICE PRESIDENT

The Vice President shall, in the absence or disability of the President or in the event of his refusal to act, perform all the duties of the President and, when so acting, shall have the powers of, and be subject to the restrictions on, the President. He shall have such other powers and perform such other duties as may be imposed by law, by the Articles of Incorporation, or by these Bylaws, or as may be prescribed from time to time by the Board of Directors.

Section 7. DUTIES OF SECRETARY

The Secretary shall:

(a) Keep at the principal office of the corporation or at such other place as the Board of Directors may order, a book of the minutes of all meetings of the Directors and of the members, recording therein the time and place of holding, whether regular or special, and, if special, how authorized, notice thereof given, the names of those present at Directors' meetings, the number of members present, at members meetings, and the proceedings thereof.

(b) Keep at the principal office of the corporation a membership book containing the name and address of each member.

(c) In general, perform all duties incident to the office of Secretary and such other duties as may be required by law, by the Articles of Incorporation, or by these Bylaws, or which may be assigned to him from time to time by the Board of Directors.

Section 8. DUTIES OF ASSISTANT SECRETARY

The Assistant Secretary, if such there be, shall, in the absence of the Secretary or in the event of his inability or refusal to act, perform all the duties of the Secretary and, when so acting, shall have all the powers of, and be subject to all the restriction on, the Secretary. He shall also perform such other duties as may be assigned to him from time to time by the Board of Directors or by the Secretary.

Section 9. DUTIES OF TREASURER

The Treasurer shall:

(a) Deposit all moneys of the corporation with such depositaries as are designated by the Board of Directors, disburse such funds as may be ordered by the Board, and render to the President or to the Board, on request therefor, statements of the financial condition of the corporation.

(b) Keep and maintain adequate and correct books of account showing the receipts and disbursements of the corporation and an account of its cash and other assets.

(c) Keep such books of account open to inspection by any Director or member at all reasonable times.

(d) In general, perform all duties incident to the office of the Treasurer and such other duties as may be required by law, by the Articles of Incorporation or by these Bylaws, or which may be assigned to him from time to time by the Board of Directors.

Section 10. DUTIES OF ASSISTANT TREASURER

The Assistant Treasurer, if any there be, shall assist the Treasurer in the performance of his duties, and in general, perform such duties as shall be assigned to him from time to time by the Treasurer or by the Board of Directors.

Section 11. COMPENSATION

Officers of the corporation shall serve without compensation.

ARTICLE VII

COMMITTEES

Section 1. EXECUTION OF INSTRUMENTS

The corporation shall have such committees, with such members, to perform such functions as shall be designated from time to time by the Board of Directors.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 1. EXECUTION OF INSTRUMENTS

The Board of Directors, except as otherwise provided in these Bylaws, may by resolution authorize any officer or agent of the corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation and such authority may be general or confined to specific instances. Unless so authorized, no officer, agent, or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable pecuniarily for any purpose or in any amount.

Section 2. ANNUAL REPORT AND FINANCIAL STATEMENT

The Board of Directors shall cause to be prepared and submitted to the members a written annual report, including a financial statement. Such report shall summarize the corporation's activities for the preceding year and activities projected for the forthcoming year; the financial statement shall consist of a balance sheet as of the close of business of the corporation's fiscal year, contain a summary of receipts and disbursements, be prepared in such manner and form as is sanctioned by sound accounting practices, and be certified by the President, Secretary, Treasurer, or a Public Accountant.

Section 3. CORPORATE SEAL

The Board of Directors may adopt, use, and at will alter, a corporate seal. Such seal, shall be affixed to all corporate instruments, but failure to affix it shall not affect the validity of any such instrument.

ARTICLE IX

BYLAWS

Section 1. EFFECTIVE DATE

These Bylaws shall become effective immediately on their adoption. Amendments to these Bylaws shall become effective immediately on their adoption unless the Board of Directors or members, in adopting them as hereinafter provided, provide that they are to become effective at a later date.

Section 2. AMENDMENT

New Bylaws may be adopted or these Bylaws may be amended or repealed by the vote of a majority of a quorum at a meeting duly called and noticed for the purpose, and subject to the power of the members to change or repeal them, and subject to the Articles of Incorporation of this corporation and to law, by the vote of a majority of the Directors.

Section 3. CERTIFICATION AND INSPECTION

The original, or a copy of the Bylaws as amended or otherwise altered to date, certified by the Secretary of the corporation, shall be recorded and kept in a book which shall be kept in the principal office of the corporation, and such book shall be open to inspection by the members at all reasonable times during office hours.

ARTICLE X

PROHIBITION AGAINST SHARING
CORPORATE PROFITS AND ASSETS

No member, Director, officer, employee or other person connected with this Corporation, or any other private individual, shall receive at any time any of the net earnings or pecuniary profits from the operations of the Corporation, provided, that this provision shall not prevent payment to any such person of reasonable compensation for services rendered to or for the Corporation in effecting any of its purposes as shall be fixed by resolutions of the Board of Directors and no such person or persons shall be entitled to share in the distribution of, and shall not receive, any of the Corporate assets on dissolution of the Corporation. All members of the Corporation shall be deemed to have expressly consented and agreed that on such dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the assets of the Corporation, after all debts have been satisfied, then remaining in the hands of the Board of directors shall be distributed as required by the Articles of Incorporation of this Corporation and not otherwise.