

Mountain Valley Homeowners Association

BY-LAWS OF THE MOUNTAIN VALLEY HOMEOWNERS ASSOCIATION

REVISIONS AND UPDATES
AS OF SEPTEMBER 27, 1990

Article II	
Section 3.	Revised
Section 5.	Deleted
Section 6.	Deleted
Article V	
Section 1.	Revised
Section 4.	Revised
Article VII	
Section 1.	Revised
Article IX	
Section 1, Sub(d)	Revised
Article XV	Revised


Pam Linenberger/Secretary

BY-LAWS OF
MOUNTAIN VALLEY HOMEOWNERS ASSOCIATION

ARTICLE 1
NAME AND LOCATION

The name of the corporation is MOUNTAIN VALLEY HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association". The principal office of the corporation shall be located at Ventura County, State of California. Meetings of members and directors may be held at such places within said County.

ARTICLE II
DEFINITIONS

Section 1. "Association" shall mean and refer to Mountain Valley Homeowners Association, a non profit corporation, its successors and assigns.

Section 2. "Common area" shall mean the real property owned by the Association for the common use and enjoyment of the members of the Association.

Section 3. "Lot" shall mean and refer to a recorded lot within The Tract, upon which there has been or will be constructed a single family residence.

Section 4. "Member" shall mean and refer to every person or entity who holds membership in the Association. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot, but excluding those having such interest merely as security for the performance of an obligation. As used herein, "owner" shall mean "Member" and "Member" shall mean "owner".

ARTICLE III
MEMBERSHIP

Section 1. Membership: Every person or entity who is a record owner of a fee or undivided fee interest in any lot which is subject by covenants of record to assessment by the Association, including contract sellers, shall be member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment by the

Association. Ownership of such lot shall be the sole qualification for membership.

Section 2. Suspension of Membership: During any period in which a member shall be in default in the payment of any annual or special assessment levied by the Association, the voting rights and right to use the recreational facilities of such member may be suspended by the Board of Directors until such assessment has been paid. Such rights of a member may also be suspended, after notice and hearing, for a period not to exceed thirty (30) days, for any single infraction of any rules and regulations established by the Board of Directors governing the use of the common area and facilities.

ARTICLE IV PROPERTY RIGHTS - RIGHTS OF ENJOYMENT

Section 1. Each member shall be entitled to the use and enjoyment of the common area and facilities as provided in the Declaration. Any member may delegate his rights of enjoyment in the common area and facilities to the members of his family, his tenants or contract purchasers, who reside on the property. Such member shall notify the secretary in writing of the name of such delegee. The rights and privileges of such delegee are subject to suspension to the same extent as those of the member.

Section 2. Irrespective of the fact that Section 1(c) of Article V of Part II of the Declaration gives the Association the right to charge reasonable admission and other fees for the use of any recreational facilities situated upon the common area, this right shall not be exercised as to members for a period of five (5) years from the date of the recordation of the Declaration, and after this period, only upon written approval of two-thirds (2/3) of the membership.

ARTICLE V BOARD OF DIRECTORS - SELECTION - TERM OF OFFICE

Section 1. Number: The affairs of this Association shall be managed by a Board of nine (9) Directors, who must be members of the Association. The number of directors may be increased or decreased from time to time (but in no event shall there be less than five (5) directors) by an amendment of these By-Laws by the members, as hereinafter provided in Article XV, or by amendment to the Articles of Incorporation.

Section 2. Election: At the annual meeting the members shall elect on even years four (4) directors for a term of two years, and shall elect on odd years five (5) directors for a term of two years.

Section 3. Vacancies: In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation: Directors shall be exempt from all association dues and fees during their term in office. However, no director shall receive any other compensation except reimbursement for their actual expenses incurred in the performance of their duties.

Section 5. Action Taken Without a Meeting: The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE VI MEETING OF DIRECTORS

Section 1. Regular Meetings: Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as 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.

Section 2. Special Meetings: Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days notice to each director.

Section 3. Quorum: A majority of the 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.

ARTICLE VII NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination: Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nomination 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 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 Annual 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 less than the number of vacancies that are to be filled. Such nominations may be made from among members.

Section 2. Election: Election of 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. Directors shall be elected or removed by cumulative vote to the members.

ARTICLE VIII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

a) To adopt and publish rules and regulations governing the use of the common area and facilities, and the personal conduct of the members and their guests thereon,

b) To exercise for the Association all powers, duties and authority vested in or delegated to this Association not reserved to the membership by other provisions by these By-Laws, the Articles of Incorporation, or the Declaration;

c) To declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

d) To employ a manager, an independent contractor, managing agent (which may be a corporation) or such other employees as they deem necessary, and to prescribe their duties; provided that any managing agent or manager selected prior to the first Annual Election, as provided in Article X, Section 1 hereof, shall be employed to manage only until such first Annual Election, at which time the continuance of the same, or the selection of another managing agent shall be determined by majority vote of the members; and

e) To establish, levy and assess, and collect the assessments or charges referred to in Article XII.

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

a) To cause to be kept a complete record of all 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-fifth (1/5) of the membership who are entitled to vote;

b) To supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

c) As more fully provided herein and in the Declaration:

1) To fix the amount of the regular assessment against each lot at least thirty (30) days in advance of each regular assessment period, as hereinafter provided in Article XII; and

2) To send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period.

d) To issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificate shall be conclusive evidence of any assessment therein stated to have been paid;

e) To procure and maintain adequate liability insurance, and to procure adequate hazard insurance on property owned by the Association;

f) To cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

g) To cause the common area to be maintained.

ARTICLE IX 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, such as, but not limited to:

a) A Recreation Committee which shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the properties, and shall perform such other functions as the Board, in its discretion, determines;

b) A Maintenance Committee which shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the properties, and shall perform such other functions as the Board, in its discretion, determines;

c) A Publicity Committee which shall inform the members of all activities and functions of the Association and shall, after consulting with the Board of Directors, make such public releases and announcements as are in the best interests of the Association; and

d) An Audit Committee which shall supervise the annual audit of the Association's books and approve the annual budget and statement of income and expenditures to be presented to the membership at its regular Annual Meeting as provided in Article XI, Section 8(d). The Treasurer shall be a member of the Committee.

Section 2. It shall be the duty of each committee to receive complaints from members on any matter involving Association functions, duties, and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matter presented.

ARTICLE X MEETINGS OF MEMBERS

Section 1. Annual Meetings: The first Annual Meeting of the members shall be held within one (1) year from the date of the sale of the first improved lot in the properties or after fifty-one (51%) percent of the lots in Tract 1934 have been sold, whichever first occurs, and each subsequent regular Annual Meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 7:30 o'clock P.M. If the day for the Annual Meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings: Special meetings of the members may be called at any time by the president or the Board of Directors, or upon written request of the members who are entitled to vote one-fifth (1/5) of all the votes of the entire membership.

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, postage prepaid, at least seven (7) days, but not more than sixty (60) days, before such meeting to each member entitled to vote thereat, addressed to the members's address last appearing on the books of 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 purpose of the meeting.

Section 4. Quorum: The presence at the meeting of members entitled to cast, or of proxies entitled to cast, at least fifty (50%) percent of the votes of the entire membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present in person or by proxy at any such meeting, the members entitled to vote thereat shall have power to adjourn the meeting without notice other than announcement at 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 which meeting the quorum requirement shall be only twenty-five (25%) percent of the votes of the entire membership.

Section 5. Other Quorum Requirements: Notwithstanding Section 4 of this Article, the quorum required for any action requiring members' assent under Articles VII, IX, X and XIII of the Articles of Incorporation shall be not less than the number of percentage of the entire membership required to take action under the applicable Article. If, however, such quorum shall not be present in person or by proxy at any such meeting, the members entitled to vote thereat shall have power to adjourn the meeting without notice other than announcement at 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 which meeting the quorum requirement shall be only one-half (1/2) of such required number or percentage.

Section 6. Proxies and Voting: 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. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his lot. Except as otherwise provided in the Articles of Incorporation, By-Laws or Declaration, a majority of the voting power present, in person or by proxy, shall prevail at such meeting.

ARTICLE XI
OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers: The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time by resolution create.

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 this Association shall be elected annually by the Board, and each shall hold office for the 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 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 on the date of receipt of such notice or at any 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 in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices: The offices of the 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: The duties of the officers are as follows:

- a) The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

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

c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; 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) 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 sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures and report to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members, within thirty (30) days after its completion.

ARTICLE XII ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments: Subject to the provisions of the Declaration, each member is deemed to covenant and agree to pay to the Association, as provided in said Declaration: (1) regular monthly assessments or charges, and (2) special assessments for capital improvements. The regular and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest, costs, and reasonable attorney's fees shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due, and shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments: The assessments levied by the Association shall be used for the purpose of operating the Association for the benefit, welfare and enjoyment of its members, and in this connection, for the maintenance and improvement of the

common area and the facilities thereon, and to provide funds for the Association to carry on its duties set forth herein, or in its Articles of Incorporation or in the Declaration.

Section 3. Basis and Maximum of Regular Assessments: The basis and maximum amount of the regular assessments shall be as follows:

a) Until July 1 of the year immediately following conveyance of the first lot to an owner, the maximum regular assessment shall not exceed \$5.75 per lot per month.

b) From and after July 1 of the year immediately following the conveyance of the first lot to an owner, the maximum monthly assessment may be increased effective July 1 of each year by the Board of Directors of the Association without a vote of the membership, provided that any such increase shall not be more than three (3%) percent of the previous year's assessment, exclusive of any increases resulting from increases in real property taxes on the common area. Such monthly assessment shall continue in effect for the following twelve (12) calendar months, which period shall be deemed to be the assessment period.

c) From and after July 1 of the year immediately following the conveyance of the first lot to an owner, the maximum regular assessment may be increased by the Board of Directors of the Association in an amount greater than provided for in subsection (b) hereof for the next succeeding period of twelve (12) months, provided that any such change shall have the assent of two-thirds (2/3) of the votes of the members voting in person or by proxy, at a meeting duly called for such purpose, written notice of which shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting, setting forth the purpose of the meeting. The limitations hereof shall not apply to any change in the maximum and basis of the assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.

d) After consideration of current maintenance costs and future needs of the Association, the Board of Directors may fix the regular monthly assessment at a lesser amount than provided for above.

Section 4. Special Assessments for Capital Improvements. In addition to the regular assessments authorized above, the Association may levy in any calendar year, a special assessment

applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any constriction or re-constriction, unexpected repair or replacement of a described capital improvement upon the common area, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of the members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) nor more than sixty (60) days in advance of the meeting, setting forth the purpose of the meeting.

Section 5. Uniform Rate. Both regular and special assessments must be fixed at a uniform rate for all lots which are subject to assessment by the Association, and may be collected on a monthly basis.

Section 6. Quorum for any Action Authorized Under Section 3 and 4. At the first meeting called pursuant to Section 3(c) or Section 4 of this Article, the presence at the meeting of members or of proxies entitled to cast fifty-one (51%) percent or more of all the votes of the membership, shall constitute a quorum.

Section 7. Date of Commencement of Regular Assessments, and Fixing Thereof.

a) The regular assessments provided for herein shall commence as to all lots in this tract on the first day of the month following the conveyance of the first lot within said tract to an individual owner. The regular assessments as to lots in other tracts located with the area described in Exhibit "A" hereof, if said lots shall have become subject to assessment by the Association, shall commence with respect to all lots within each such tracts, on the first day of the month following the conveyance of the first lot therein to an individual owner. Provided, however, that the Association, by a majority vote of its Board of Directors, may extend the commencement date of regular assessments to a time not later than two (2) months following the completion of all improvements and landscaping within the common area, or two months from the date of conveyance of the common area to the Association, whichever is later, if Declarant, by a written agreement with the Association, commits to maintain the common area until such extended date.

b) Subject to the provisions of Section 3 hereof, the Board of Directors shall determine and fix the amount of the regular monthly assessment against each lot at least thirty (30) days in advance of each assessment period. An assessment period shall be deemed to be for the twelve (12) months of each fiscal year beginning on

July 1 and ending on June 30 of the following year, provided that if the month of the commencement of the initial assessments shall be a month other than July, the assessment period shall be deemed to be to the end of such fractional fiscal year. Written notice of the assessment shall be sent to every owner subject thereto. The due dates shall be established by the Board of Directors.

Section 8. Certificate of Payment. The Association shall, upon demand, furnish to any owner liable for said assessment, a certificate in writing signed by an officer of the Association, setting forth whether the regular and special assessments on a specified lot have been paid, and the amount of the delinquency, if any. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 9. Effect of Non-Payment of Assessments - Remedies of the Association. Any assessment provided for herein or in the Declaration, which is not paid when due, shall be delinquent. With respect to each assessment not paid within fifteen (15) days after its due date, the Association may, at its election, require the owner to pay a "late charge" in a sum to be determined by the Association, but not to exceed \$1.00 per each delinquent assessment. If any such assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at the then legal rate, and the Association may, at its option, bring an action at law against the owner personally obligated to pay the same, or, upon compliance with the notice provisions set forth in Section 2, Article VII of Part II of the Declaration, to foreclose the lien against the lot, and there shall be added to the amount of such assessment, the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include said interest and a reasonable attorney's fee, together with the costs of action. Each owner vests in the Association or its assigns, the right and power to bring all actions at law or lien foreclosures against such owner or other owners for the collection of such delinquent assessments. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the common area or abandonment of his lot.

Section 10. Subordination of the Lien to Mortgages. Any lot subject to a monetary lien shall be subject to the lien of a first mortgage or deed of trust: (1) the foreclosure of any lien created by anything set forth in the Declaration shall not operate to affect or impair the lien of such mortgage or deed of trust; and (2) the foreclosure of the lien of such mortgage or deed of trust or the acceptance of a deed in lieu of the foreclosure by the mortgagee, shall not operate to affect or impair the lien hereof,

except that the lien hereof for said charges as shall have accrued up to the foreclosure or the acceptance of the deed in lieu of foreclosure shall be subordinate to the lien of the mortgage or deed of trust, with the foreclosure-purchaser of deed in lieu grantee taking title free of the lien hereof for all said charges that have accrued up to the time of the foreclosure or deed given in lieu of foreclosure, but subject to the lien hereof for all said charges that shall accrue subsequent to the foreclosure or deed given in lieu of foreclosure.

ARTICLE XIII BOOKS AND RECORDS

The books, records and papers of the Association shall at all times during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XIV CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the name of the Association, its date of incorporation, and such other matters as may be required by the laws of the State of California.

ARTICLE XV AMENDMENTS

These By-Laws may be amended at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy.

ARTICLE XVI
MISCELLANEOUS

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of July and end on the 30th day of June of the following year, except that the first fiscal year shall begin on the date of incorporation.

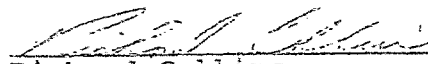
Section 2. Suspension After Hearing. The Board of Directors, or a committee duly appointed by the Board to act in such matter, after hearing and by majority vote, shall have the right to suspend the voting rights and right of a member to use the recreational facilities of the Association for:

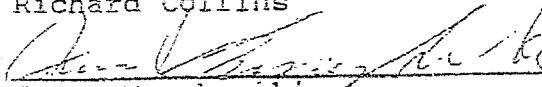
a) His violation of the rules and regulation of the Association, provided that suspension for such cause shall not exceed thirty (30) days for any single violation.

Before any such action may be taken, at least ten (10) days written notice must be given to such member, specifying the charges and stating the time and place of hearing on such charge. At such hearing, the member shall be given an opportunity to be heard and to present evidence in answer to such charge.

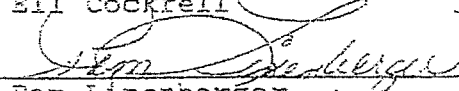
Section 3. Conflict. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws or the Articles, the Declaration shall control.

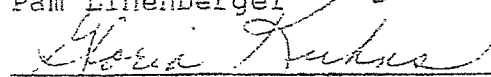
IN WITNESS WHEREOF, we being all of the directors of the MOUNTAIN VALLEY HOMEOWNERS Association have hereunto set our hands this 27th day of September, 1990.


Richard Collins


Jerry Myszkowski

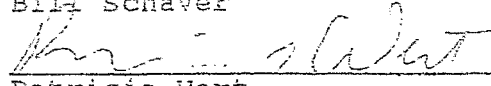

Eli Cockrell

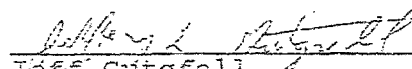

Pam Linenberger


Gloria Kuhns

Claudette Panico

Bill Schaver


Patricia Wert


Jeff Gutgsell

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of MOUNTAIN VALLEY HOMEOWNERS Association, a California corporation, and

THAT the foregoing By-Laws constitute the revised and updated By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 27th day of September, 1990.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 27th day of September, 1990.


Pam Linenberger/Secretary