

**ARTICLES OF INCORPORATION
OF
TRACT 31100 HOMEOWNERS ASSOCIATION**

ARTICLE I

The name of this corporation ("Association") is TRACT 31100 HOMEOWNERS ASSOCIATION.

ARTICLE II

This corporation is a nonprofit mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Law. The purpose of this corporation is to engage in any lawful act or activity, other than credit union business, for which a corporation may be organized under such law.

ARTICLE III

The specific purpose of the Association is to manage the residential planned development in Tract No. 31100 in the County of Riverside, State of California pursuant to the Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Tract No. 31100 ("**Declaration**") recorded in the Official Records of Riverside County, California, as amended from time to time. In connection therewith, the Association is to act as a homeowners association within the meaning of Section 23701t of the California Revenue and Taxation Code and Section 528 of the Internal Revenue Code, both as amended from time to time. Notwithstanding any of the above statements of purposes and powers, the Association shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purposes of the Association.

ARTICLE IV

The Association's initial agent for service of process is _____, whose business address is _____.

ARTICLE V

The Association is an association formed to manage a common interest development ("**Properties**") under the Davis-Stirling Common Interest Development Act. The initial street and mailing address of the Association and the address of the current business office of the Association is _____. The street in front of the Properties is La Ventana Avenue. The nearest cross-street to the Properties is Simpson Road. The Association does not currently have a managing agent.

ARTICLE VI

So long as the two-class voting structure set forth in the Declaration remains in effect, amendment of these Articles of Incorporation shall require the vote or written assent of (i) a majority of the Board of Directors of the Association, and (ii) sixty-seven percent (67%) of the voting power of each class of Members. After conversion of the Class B Membership to Class A Membership as set forth in the Declaration, amendment of these Articles of Incorporation shall require the vote or written assent of (i) a majority of the Board of Directors of the Association, (ii) sixty-seven percent (67%) of the voting power of the Association, and (iii) sixty-seven percent (67%) of the voting power of the Association other than the "Declarant" (as defined in the Declaration).

The undersigned, who is the incorporator of the Association, has executed these Articles of Incorporation on _____, 20__.

EXHIBIT "B"

BYLAWS OF THE ASSOCIATION

BYLAWS
OF
TRACT 31100 HOMEOWNERS ASSOCIATION

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FOR

BYLAWS

OF

TRACT 31100 HOMEOWNERS ASSOCIATION

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BYLAWS
OF
TRACT 31100 HOMEOWNERS ASSOCIATION

ARTICLE I

1. General Plan of Ownership.

1.1. Name.

The name of the corporation is TRACT 31100 HOMEOWNERS ASSOCIATION, hereinafter referred to as the "**Association.**" The principal office of the Association shall be located in Riverside County, California.

1.2. Application.

The provisions of these Bylaws are applicable to the planned residential development in Tract No. 31100 in the County of Riverside, State of California ("**Properties**"). All present and future Owners and their tenants, employees, and any other person who uses any portion of the Properties in any manner are subject to the regulations set forth in these Bylaws and in the Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Tract No. 31100 ("**Declaration**") Recorded in the Official Records of Riverside County and applicable to the Properties. The mere acquisition or rental of any Lot in the Properties or the mere act of occupancy of any Lot will signify that these Bylaws are accepted, ratified, and will be complied with.

1.3. Meaning of Terms.

Unless otherwise specifically provided herein, the capitalized terms in these Bylaws shall have the same meanings as are given to such terms in the Declaration.

ARTICLE II

2. Voting By Association Membership.

2.1. Voting Rights.

The Association shall have two (2) classes of voting Membership as more fully described in the Declaration. All voting rights shall be subject to the restrictions and limitations provided in the Declaration and in the Articles and these Bylaws of the Association. Except as provided in Section 15.11 of the Declaration and Section 4.8 of these Bylaws, as long as there exists a Class B Membership, any provision of the Declaration, the Articles or these Bylaws which expressly requires a vote or written consent of a specified percentage of the voting power of the Association before action may be undertaken (i.e. other than actions requiring merely the vote or written consent of a majority of a quorum) shall require the approval of such specified

percentage of the voting power of each class of Membership. Except as provided in Section 15.11 of the Declaration and Section 4.8 of these Bylaws, upon termination of the Class B Membership, any provision of the Declaration, the Articles or these Bylaws which expressly requires a vote or written consent of Owners representing a specified percentage of the voting power of the Association before action may be undertaken shall require the vote or written consent of Owners representing such specified percentage of both the total voting power of the Association and the voting power of the Association residing in Owners other than Declarant.

2.2. Majority of Quorum.

Unless otherwise expressly provided in these Bylaws or the Declaration, any action which may be taken by the Association may be taken by a majority of a quorum of the Members of the Association.

2.3. Quorum.

Except as otherwise provided in the Governing Documents, the presence in person or by proxy of at least one-third (1/3) of the voting power of the Membership of the Association shall constitute a quorum of the Membership. 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 a quorum, if any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum.

2.4. Proxies.

Votes may be cast in person or by proxy. Proxies must be in writing and filed with the Secretary in advance of each meeting. Every proxy shall be revocable and shall automatically cease after completion of the meeting for which the proxy was filed. Any form of proxy or written ballot distributed by any Person to the Members of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon, except it shall not be mandatory that a candidate for election to the Board be named in the proxy or written ballot. The proxy or written ballot shall provide that, when the Member specifies a choice, the vote shall be cast in accordance with that choice. The proxy shall also identify the person or persons authorized to exercise the proxy and the length of time it will be valid. No proxy shall be valid with respect to a vote on any matter described in Section 7613(g) of the California Corporations Code unless the general nature of the proposal was set forth in the proxy. All proxies shall comply with the provisions of Section 5130 of the California Civil Code.

ARTICLE III

3. Administration.

3.1. Association Responsibilities.

In accordance with the provisions of the Declaration, the Association shall have the responsibility of administering the Properties, maintaining and repairing the Common Area and

the Association Maintenance Areas, approving the Budget and establishing and collecting all assessments authorized under the Declaration.

3.2. Place of Meetings of Members.

Meetings of the Members shall be held on the Properties or such other suitable place as proximate thereto as practicable and convenient to the Members as may be designated by the Board of Directors.

3.3. Annual Meetings of Members.

The first annual meeting of Members shall be held within six (6) months after the Transfer Date. Thereafter, the annual meetings of the Association shall be held on or about the anniversary date of the first annual meeting. At each annual meeting there shall be elected by ballot of the Members a Board of Directors, in accordance with the requirements of Section 4.5 of these Bylaws. The Members may also transact such other business of the Association as may properly come before them. Each first Mortgagee of a Lot in the Properties may designate a representative to attend all annual meetings of the Members.

3.4. Special Meetings of Members.

It shall be the duty of the Board to call a special meeting of the Members, as directed by resolution of a majority of a quorum of the Board of Directors, by request of the President of the Association or upon receipt by the Secretary of a petition signed by Members representing at least five percent (5%) of the total voting power of the Association. The notice of any special meeting shall be given within twenty (20) days after adoption of such resolution or receipt of such request or petition and shall state the date, time and place of such meeting and the general nature of the business to be transacted. The special meeting shall be held not less than thirty-five (35) days nor more than ninety (90) days after adoption of such resolution or receipt of such request or petition. No business shall be transacted at a special meeting except as stated in the notice. Each first Mortgagee of a Lot in the Properties may designate a representative to attend all special meetings of the Members.

3.5. Notice; Record Dates.

It shall be the duty of the Secretary to send a notice of each annual or special meeting by first-class mail, stating the purpose thereof as well as the day, hour and place where it is to be held, to each Member of record and to each first Mortgagee of a Lot which has filed a written request for notice with the Secretary, at least ten (10) but not more than thirty (30) days prior to such meeting. The notice may set forth time limits for speakers and nominating procedures for the meeting. The notice shall specify those matters the Board intends to present for action by the Members, but, except as otherwise provided by law, any proper matter may be presented at the meeting for action. The notice of any meeting at which Directors are to be elected shall include the names of all those who are nominees at the time the notice is given to Members. The mailing of a notice, postage prepaid, in the manner provided in this Section, shall be considered notice served, forty-eight (48) hours after said notice has been deposited in a regular depository of the United States mail. Such notice shall be posted in a conspicuous place on the Common Area, and such notice shall be deemed served upon a Member upon posting if no address has been then

furnished the Secretary. The Board of Directors may fix a date as a record date for the determination of the Members entitled to notice of any meeting of Members. The record date so fixed shall be not less than ten (10) days nor more than sixty (60) days prior to the date of the meeting. If the Board does not fix a record date for notice to Members, the record date for notice shall be the close of business on the business day preceding the day on which notice is given. In addition, the Board of Directors may fix a date in the future as a record date for the determination of the Members entitled to vote at any meeting of Members. The record date so fixed shall be not less than ten (10) days nor more than sixty (60) days prior to the date of the meeting. If the Board does not fix a record date for determining Members entitled to vote, Members on the day of the meeting who are otherwise eligible to vote are entitled to vote at the meeting. Notwithstanding any other provision of these Bylaws, approval by the Members of any of the following proposals, other than by unanimous approval of those Members entitled to vote, shall not be valid unless the general nature of the proposal was stated in the notice or in any written waiver of the notice: (a) removing a Director without cause; (b) filling vacancies on the Board; (c) approving a contract or transaction between the Association and one or more Directors, or between the Association and any entity in which a Director has a material financial interest; (d) amendment of the Association's Articles of Incorporation; or (e) electing to wind up and dissolve the Association.

3.6. Adjourned Meetings.

If any meeting of Members cannot be organized because a quorum is not present, a majority of the Members who are present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be the presence in person or by proxy of the Members holding at least twenty-five percent (25%) of the voting power of the Association. Such an adjourned meeting may be held without notice thereof as provided in this Article III, provided that notice is given by announcement at the meeting at which such adjournment is taken. If, however, such an adjourned meeting is actually attended, in person or by proxy, by Members having less than one-third (1/3) of the voting power of the Association, notwithstanding the presence of a quorum, no matter may be voted upon except such matters notice of the general nature of which was given pursuant to Section 3.5 hereof. No action by the Members on any such matter shall be effective if the votes cast in favor are fewer than the minimum number of votes required by the Governing Documents to approve such an action.

3.7. Order of Business.

Meetings of Members shall be conducted in accordance with a recognized system of parliamentary procedure or any parliamentary procedures the Association may adopt. The order of business at all meetings of the Members shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) election of inspector of election (at annual meetings or special meetings held for such purpose); (g) election of Directors (at annual meetings or special meetings held for such purpose); (h) unfinished business; and (i) new business.

3.8. Action Without Meeting.

Any action, which may be taken at a meeting of the Members (except for the election of Directors) may be taken without a meeting by written ballot of the Members. Ballots shall be solicited in the same manner as provided in Section 3.5 for the giving of notice of meetings of Members. Such solicitations shall specify (a) the number of responses needed to meet the quorum requirements, (b) the percentage of approvals necessary to approve the action, and (c) the time by which ballots must be received in order to be counted. The form of written ballot shall afford an opportunity to specify a choice between approval and disapproval of each matter and shall provide that, where the Member specifies a choice, the vote shall be cast in accordance therewith. Receipt within the time period specified in the solicitation of a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting and a number of approvals which equals or exceeds the number of votes which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast shall constitute approval by written ballot.

3.9. Consent of Absentees.

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

3.10. Minutes, Presumption of Notice.

Minutes or a similar record of the proceedings of meetings of Members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the Minutes executed by the Secretary that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

3.11. Right of Members to Speak at Meetings of Members.

The Board shall permit any Member to speak at any meeting of the Members. A reasonable time limit for all Members to speak shall be established by the Board.

ARTICLE IV

4. Board of Directors.

4.1. Number and Qualification.

The property, business and affairs of the Association shall be governed and managed by a Board of Directors composed of three (3) persons, each of whom, except for those appointed and serving as first Directors, must either be an Owner or an agent of Declarant for so long as Declarant owns a Lot in the Properties. The authorized number of Directors may be changed by a duly adopted amendment to the Bylaws. Directors shall not receive any salary or compensation for their services as Directors unless such compensation is first approved by the

vote or written consent of Members representing at least a majority of both the Class A and Class B voting power; provided, however, that (1) nothing herein contained shall be construed to preclude any Director from serving the Association in some other capacity and receiving compensation therefor, and (2) any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

4.2. Powers and Duties.

The Board of Directors has the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done exclusively by the Members. The Board of Directors shall not enter into any contract with a third person wherein the third person will furnish goods or services for the Common Area, the Association Maintenance Areas or the Association for a term in excess of one (1) year, without the vote or written consent of the Members representing at least a majority of the voting power of the Association, except for (a) a contract with a public utility company if the rates charged for the materials or services are regulated by the California Public Utilities Commission; provided, however, that the terms of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate, (b) a management contract the terms of which conform to the requirements of Section 4.4 hereof, (c) prepaid casualty or liability insurance policies of not more than three (3) years' duration provided that the policies permit short-term cancellation by the Association (d) lease agreements for laundry room fixtures and equipment with terms not in excess of five (5) years, provided that Declarant does not have a direct or indirect ownership interest in the lessor of such fixtures and equipment equal to or greater than ten percent (10%), (e) agreements for cable television services and equipment or satellite dish television services and equipment with terms not in excess of five (5) years, provided that Declarant does not have a direct or indirect ownership interest in the supplier of such services or equipment equal to or greater than ten percent (10%), and (f) agreements for sale or lease of burglar alarm and fire alarm equipment, installation and services with terms not in excess of five (5) years, provided that Declarant does not have a direct or indirect ownership interest in the supplier of such services or equipment equal to or greater than ten percent (10%).

4.3. Special Powers and Duties.

Without prejudice to such foregoing general powers and duties and such powers and duties as are set forth in the Declaration, the Board of Directors is vested with, and responsible for, the following powers and duties:

(a) The power and duty to select, appoint, and remove all officers, agents, and employees of the Association, to prescribe such powers and duties for them as may be consistent with law, with the Articles, the Declaration and these Bylaws; to fix their compensation and to require from them security for faithful service when deemed advisable by the Board.

(b) The power and duty to conduct, manage and control the affairs and business of the Association.

(c) The power but not the duty to change the principal office for the transaction of the business of the Association from one location to another within the County in which the Properties are located, as provided in Article I hereof; to designate any place within said County for the holding of any annual or special meeting or meetings of Members consistent with the provisions of Section 3.2 hereof; and to adopt and use a corporate seal and to alter the form of such seal from time to time, as the Board, in its sole judgment, may deem best, provided that such seal shall at all times comply with the provisions of law.

(d) With the approval of Members representing at least two-thirds (2/3) of the voting power of the Association the power but not the duty to borrow money and to incur indebtedness for the purposes of the Association, and to cause to be executed and delivered therefor, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor.

(e) The power and duty to fix and levy from time to time Annual Assessments, Capital Improvement Assessments, Compliance Assessments and Reconstruction Assessments as provided in the Declaration.

(f) The power and duty to contract for and pay for insurance as described in the Declaration.

(g) The power and duty to contract for and pay for maintenance, gardening, utilities, materials and supplies, and services relating to the Common Area and Association Maintenance Areas and to employ personnel necessary for the operation of the Properties, including legal and accounting services.

(h) The power but not the duty to delegate its powers according to law and, subject to the approval of the Members, to adopt these Bylaws.

(i) The power but not the duty to grant or quitclaim easements, licenses or rights of way in, on, or over the Common Area for purposes not inconsistent with the intended use of the Properties as a planned residential development.

(j) The power but not the duty to adopt, amend, restate, delete and create exceptions to the Rules and Regulations as described in the Declaration.

(k) The power and duty to keep, or cause to be kept, a complete record of all acts and corporate affairs of the Association and to present a statement thereof to the Members at the annual meeting of the Members and at any other time that such statement is requested by at least ten percent (10%) of the Members who are entitled to vote.

(l) The power but not the duty to appoint a Membership Committee composed of at least one (1) Director and at least one (1) Association Member at large. The Membership Committee shall be responsible for contacting all purchasers of Lots in the

Properties as soon as any transfer of title to a Lot is discovered. The Membership Committee shall further attempt to establish initial contact with all Members who are delinquent in the payment of any assessments or other charges due the Association.

(m) The power but not the duty to sell property of the Association; provided, however, that the prior vote or written approval of Members representing at least a majority of the voting power of the Association must be obtained to sell during any Fiscal Year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that Fiscal Year.

4.4. Management Agent.

The Board of Directors may engage a professional Manager for the Association at a compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Section 4.3. The maximum term of any such contract ("**Management Contract**") shall be one (1) year, unless a longer term is approved either by vote or written assent of a majority of the voting power of the Association, in which case the maximum term of the Management Contract shall be three (3) years. The maximum term of any contract providing for Declarant's services to the Association or the Properties shall also be three (3) years. Each such contract for Declarant's services and each Management Contract shall provide for its termination by either party thereto with cause upon no more than thirty (30) days' written notice to the other party, and without cause and without payment of a termination fee upon no more than ninety (90) days' written notice to the other party.

4.5. Election and Term of Office.

(a) At the first annual meeting of the Members, and thereafter at each annual meeting of the Members, new Directors shall be elected by secret written ballot of the Members as provided in these Bylaws. All positions on the Board of Directors shall be filled at the first annual meeting. If an annual meeting is not held, or the Board is not elected thereat, the Board may be elected at any special meeting of the Members held for that purpose. Each Director shall hold office until his successor has been elected or until his death, resignation, removal or judicial adjudication of mental incompetence. The term of office of the two (2) Directors receiving the highest number of votes at the first annual meeting shall be three (3) years and the term of office of the one (1) Director receiving the next highest number of votes at the first annual meeting shall be two (2) years. At the first annual meeting, Directors who are appointed by exercise of Declarant's Board Appointment Right shall be deemed to have received the highest number of votes. At each annual meeting thereafter, new Directors shall be elected to fill vacancies created by the death, resignation, removal, judicial adjudication of mental incompetence or expiration of the terms of past Directors, subject to the provisions of Section 4.7 below concerning Declarant's Board Appointment Right. The term of office of each Director elected to fill a vacancy created by the expiration of the term of office of the respective past Director shall be two (2) years. The term of office of each Director elected or appointed to fill a vacancy created by the resignation, death or removal of his predecessor shall be the balance of the unserved term of his predecessor.

Any person serving as a Director may be reelected, and there shall be no limitation on the number of terms during which he may serve. Cumulative voting shall be used in the election of Directors for any election in which more than two (2) Directors are to be selected, subject only to the procedural prerequisites to cumulative voting in the following sentence. A Member may cumulate his votes for any candidate for the Board if the candidate's name has been placed in nomination prior to the voting and if such Member, or any other Member, has given notice at the meeting prior to the voting of such Member's intention to cumulate votes. If a Member cumulates his votes, such Member may cast a number of votes equal to the Member's share of the voting power as set forth in the Declaration, multiplied by the number of Directors to be elected.

(b) Notwithstanding the foregoing, whenever (1) notice is given for an election of Directors of the Board, (2) upon such date Declarant is either (i) entitled to exercise a Class B vote, or (ii) entitled to exercise a majority of the voting power of the Association and (3) upon such date the Members other than Declarant do not have a sufficient percentage of the voting power of the Association to elect a number of Directors representing at least twenty percent (20%) (though not less than one (1)) of the entire Board through the foregoing cumulative voting procedure, then such notice shall also provide for the following special election procedure. Election of Directors shall be first apportioned to the Members other than Declarant until the aggregate number of Directors on the Board elected by such Members other than Declarant represents at least twenty percent (20%) (though not less than one (1)) of the entire Board. Any person shall be an eligible candidate for the special election upon receipt by the Secretary of a Declaration of Candidacy, signed by the candidate, at any time prior to the election. Such election shall be by secret written ballot. The person or persons receiving the greatest number of votes cast by the Members other than Declarant shall be elected to the Board in a coequal capacity with all other Directors. The remaining Members on the Board shall be elected through the customary voting procedure outlined above.

(c) All elections shall comply with the requirements of Sections 5100 et seq. of the California Civil Code. The provisions of this Section 4.5 shall not preclude an election from being conducted entirely by mail as permitted by Section 5115(d) of the California Civil Code.

4.6. Books, Audit.

The following financial information shall be prepared and distributed by the Board to all Members (and any Beneficiary, insurer and guarantor of a first Mortgage upon request), regardless of the number of Members or the amount of assets of the Association:

(a) An annual budget report for each Fiscal Year containing all of the information required by Section 5300(b) of the California Civil Code shall be distributed not less than thirty (30) nor more than ninety (90) days before the end of the Fiscal Year. The annual budget report shall be made available to the Members pursuant to Section 5320 of the California Civil Code, and shall be accompanied by an Assessment and

Reserve Funding Disclosure Summary form prepared pursuant to Section 5570 of the California Civil Code.

(b) A review of the financial statement of the Association shall be prepared in accordance with generally accepted accounting principles by a licensee of the California Board of Accountancy for any Fiscal Year in which the gross income to the Association exceeds seventy five thousand dollars (\$75,000), and a copy thereof shall be distributed to the Members within one hundred twenty (120) days after the close of the Fiscal Year by individual delivery pursuant to Section 4040 of the California Civil Code.

(c) An annual policy statement containing all of the information required by Sections 4950(b) and 5310(a) of the California Civil Code shall be distributed not less than thirty (30) nor more than ninety (90) days before the end of the Fiscal Year. The annual policy statement shall be made available to the Members pursuant to Section 5320 of the California Civil Code.

(d) An annual report containing all of the information required by Section 8321 of the California Corporations Code shall be distributed within one hundred twenty (120) days after the close of the Fiscal Year to the extent required by Section 8321 of the California Corporations Code.

The Board shall perform the following on at least a quarterly basis: (1) cause to be completed and review a current reconciliation of the Association's operating accounts and reserve accounts, (2) review the current Fiscal Year's actual reserve revenues and expenses compared to the Budget for the then current Fiscal Year, (3) review the income and expense statement for the Association's operating and reserve accounts, and (4) review the latest account statements prepared by the financial institutions where the Association maintains its operating and reserve accounts. The signatures of either (i) two (2) Directors of the Association, or (ii) one (1) Director and one (1) Officer of the Association (who is not also a Director) shall be required for the withdrawal of money from the Association's reserve accounts. As used herein, "**reserve accounts**" means (a) moneys that the Board has identified for use to defray the future repair or replacement of, or additions to, those major components that the Association is obligated to maintain, and (b) the funds received and not yet expended or disposed of from either a compensatory damage award or settlement to the Association from any person or entity for injuries to real or personal property arising from any construction or design defects.

At least once every three (3) years the Board shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components which the Association is obligated to repair, replace, restore or maintain as part of a study of the reserve account requirements of the Properties if the current replacement value of the major components is equal to or greater than one-half (1/2) of the gross Budget of the Association, excluding the Association's reserve accounts for that period. The Board shall review this study, or cause it to be reviewed, annually and shall consider and implement necessary adjustments to the Board's

analysis of the reserve account requirements as a result of that review. The study shall at a minimum include all of the items required by Section 5550(b) of the California Civil Code.

4.7. Vacancies.

Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Members of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Any vacancy caused by the removal of a Director may be filled by the vote of the majority of the remaining Directors but only with the approval, by vote or written consent, of a majority of the voting power of the Association residing in Members other than Declarant. A Director may resign at any time by giving notice to the President, the Secretary or the Board. Any Director who ceases to be an Owner or an agent of Declarant shall be deemed to have resigned from the Board. A vacancy shall be deemed to exist in case of death, resignation, removal or judicial adjudication of mental incompetence of any Director, or in case the Members fail to elect the full number of authorized Directors at any meeting at which such election is to take place. Any vacancy not filled by the Directors may be filled by vote of the Members at the next annual meeting of the Members or at a special meeting of the Members called for such purpose. Notwithstanding any of the foregoing, a vacancy in the office of any Director appointed pursuant to Declarant's Board Appointment Right shall be filled only by another Declarant appointee until the expiration of the original term of such Director.

4.8. Removal of Directors.

At any regular or special meeting of the Members duly called, any one individual Director or the entire Board may be removed prior to the expiration of their terms of office with or without cause by the vote of Members representing a majority of a quorum of Members.

Notwithstanding the foregoing, if the entire Board of Directors is not removed as a group pursuant to a single vote, no individual Director shall be removed if the number of votes cast against his removal would be sufficient to elect such 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 Director's most recent election were then being elected. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting. If any or all of the Directors are so removed at a meeting, new Directors may be elected at the same meeting. Notwithstanding the foregoing, (i) any Director who has been elected to office solely by the votes of Members other than Declarant pursuant to Section 4.5(b) 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 Declarant, and (ii) any Director appointed by Declarant's Board Appointment Right may be removed only by Declarant.

4.9. Organization Meeting of Board.

The first regular meeting of a newly elected Board of Directors shall be held within ten (10) days of election of the Board, at such place as shall be fixed and announced by the Directors at the meeting at which such Directors were elected, for the purpose of organization, election of officers and the transaction of other business. No notice shall be necessary to the newly elected

Directors in order legally to constitute such meeting; provided that (1) a majority of the whole Board shall be present when the time and place are announced at the annual meeting and (2) the meeting is held on the same day and at the same place as the annual meeting of the Members at which the newly constituted Board was elected.

4.10. Regular Meetings of Board.

Regular meetings of the Board of Directors shall be open to all Members except when the Board adjourns to or meets solely in executive session as permitted by Section 4935 of the California Civil Code. Regular meetings may be held at such time and place as shall be determined, from time to time, by a resolution adopted by a majority of a quorum of the Directors; provided, however, that such meetings shall be held no less frequently than quarterly. Notice of the time and place of regular meetings of the Board of Directors (including the agenda of the meetings) shall be given in the manner required by Section 4920 of the California Civil Code. The Board may not discuss or take action on any item that was not placed on the agenda except as provided in Section 4930 of the California Civil Code.

4.11. Special Meetings of Board.

Special meetings of the Board of Directors shall be open to all Members except when the Board adjourns to or meets solely in executive session as permitted by Section 4935 of the California Civil Code. Special meetings may be called by the President or by any two (2) Directors other than the President, and notice of the time and place thereof (including the agenda of the meetings) shall be given in the manner required by Section 4920 of the California Civil Code. The Board may not discuss or take action on any item that was not placed on the agenda except as provided in Section 4930 of the California Civil Code.

4.12. Waiver of Notice.

Before or at any meeting of the Board of Directors, any Director may, in writing, waive personal notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice to such Director. Attendance by a Director at any meeting of the Board shall be a waiver of personal notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice to Directors shall be required and any business may be transacted at such meeting. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if (1) a quorum be present, (2) notice to the Members of such meeting was given as provided in Sections 4.10 and 4.11, and (3) either before or after the meeting, each of the Directors not present signs such a written waiver of notice, a consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the records of the Association or made a part of the minutes of the meeting.

4.13. Quorum and Adjournment.

Except as otherwise expressly provided herein, at all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors, there is less than a

quorum present, the majority of those present may adjourn the meeting to another time. At any such reconvened meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice if a quorum is present. The Board of Directors may, with the approval of a majority of the Directors present at a meeting at which a quorum has been established, adjourn a meeting and reconvene in executive session as permitted by Section 4935 of the California Civil Code. Any matter discussed in executive session shall be generally noted in the minutes of the immediately following meeting that is open to the entire Membership.

4.14. Committees.

The Board of Directors, by resolution, may from time to time designate such advisory and other committees as it shall desire, and may establish the purposes and powers of each such committee created. The resolution designating and establishing the committee shall provide for the appointment of its members, as well as a chairman, shall state the purposes of the committee, and shall provide for reports, termination, and other administrative matters as deemed appropriate by the Board.

4.15. Right of Members to Speak at Meetings of Board.

The Board shall permit any Member to speak at any meeting of the Board except for meetings held in executive session. A reasonable time limit for all Members to speak shall be established by the Board.

ARTICLE V

5. Officers.

5.1. Designation.

The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an Assistant Treasurer and an Assistant Secretary, and such other officers as in their judgment may be necessary. Officers other than the President need not be Directors. Any Person may hold more than one office.

5.2. Election of Officers.

The officers of the Association shall be elected annually by the Board of Directors at the Organization Meeting of each new Board of Directors, and each officer shall hold his office at the pleasure of the Board of Directors, until he shall resign or be removed or otherwise disqualified to serve or his successor shall be elected and qualified to serve.

5.3. Removal of Officers.

Upon an affirmative vote of a majority of the entire Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose. Any officer may resign at any time by giving written notice to the Board or to the President or

Secretary of the Association. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified therein; and unless otherwise specified in said notice, acceptance of such resignation by the Board shall not be necessary to make it effective.

5.4. Compensation.

Officers, agents, and employees shall receive such reasonable compensation for their services as may be authorized or ratified by the Board; provided, however, that no officer shall receive any compensation for services performed in the conduct of the Association's business unless such compensation is approved by the vote or written consent of Members representing at least a majority of both the Class A and Class B voting power; and provided further that (1) nothing herein contained shall be construed to preclude any officer from serving the Association in some other capacity and receiving compensation therefor, and (2) any officer may be reimbursed for his actual expenses incurred in the performance of his duties. Appointment of any officer, agent, or employee shall not of itself create contractual rights of compensation for services performed by such officer, agent, or employee. Notwithstanding the foregoing, no officer, employee or director of Declarant or any affiliate of Declarant may receive any compensation.

5.5. President.

The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the President of a corporation, including but not limited to the power, subject to the provisions of Section 4.14, to appoint committees from among the Members from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association. The President shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business of the Association. The President shall be ex officio a member of all standing committees, and he shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws of the Association.

5.6. Vice President.

The Vice President shall take the place of the President and perform his duties whenever the President shall be absent, disabled, refuses or is unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors or these Bylaws of the Association.

5.7. Secretary.

The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association at the principal office of the Association or at such other place as the Board of Directors may order. The Secretary shall keep the seal of the Association in safe custody and shall have charge of such books and papers as the Board of Directors may direct; and the Secretary shall, in general, perform all of the duties incident to the office of Secretary. The Secretary shall give, or cause to be given, notices of meetings of the Members of the

Association and of the Board of Directors required by these Bylaws or by law to be given. The Secretary shall maintain a record book of Members, listing the names, mailing addresses and telephone numbers of the Members as furnished to the Association ("**Membership Register**"). Termination or transfer of ownership by a Member shall be recorded in the Membership Register by the Secretary, together with the date of the transfer, in accordance with the provisions of the Declaration. The Secretary shall perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

5.8. Treasurer.

The Treasurer shall be the chief financial officer of the Association and shall have responsibility for Association funds and securities and shall be responsible for keeping, or causing to be kept, full and accurate accounts, tax records and business transactions of the Association, including accounts of all assets, liabilities, receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors. The Treasurer shall disburse the funds of the Association as may be ordered by the Board of Directors, in accordance with the Declaration, shall render to the President and Directors, upon request, an account of all of his transactions as Treasurer and of the financial conditions of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

ARTICLE VI

6. Obligations of Members.

6.1. Assessments.

(a) All Members are obligated to pay, in accordance with the provisions of the Declaration, all assessments imposed by the Association, to meet all expenses of the Association.

(b) All delinquent assessments shall be enforced, collected or foreclosed in the manner provided in the Declaration.

6.2. Maintenance and Repair.

(a) Every Member must perform promptly, at his sole cost and expense, such maintenance and repair work on his Lot as is required under the provisions of the Declaration.

(b) As further provided in the Declaration, each Member shall reimburse the Association for any expenditures incurred in repairing or replacing any portion of the Common Area or the Association Maintenance Areas which are damaged through the fault of such Member or his Family, guests, tenants or invitees. Such expenditures shall include all court costs and reasonable attorneys' fees incurred in enforcing any provision of these Bylaws or the Declaration.

ARTICLE VII

7. Amendments to Bylaws.

These Bylaws may be amended by the Association by the vote or written consent of Members, representing at least (1) a majority of the voting power of each class of the Members, and (2) a majority of the voting power of the Association residing in members other than Declarant; provided that the specified percentage of each class of the Members necessary to amend a specific Section or provision of these Bylaws shall not be less than the percentage of affirmative votes prescribed for action to be taken under that Section or provision; provided further, that these Bylaws may be amended by a majority of the entire Board, at any time prior to the Close of Escrow for the sale of the first Lot.

ARTICLE VIII

8. Mortgagees.

8.1. Notice to Association.

Upon request by the Association, a Member who mortgages his Lot shall notify the Association through the Manager, or through the Secretary if there is no Manager, of the name and address of his Mortgagee; and the Association shall maintain such information in a book entitled "Mortgagees of Lots." Upon request any such Member shall likewise notify the Association as to the release or discharge of any such Mortgage.

8.2. Notice of Unpaid Assessments.

The Board of Directors of the Association shall at the request of a Mortgagee of a Lot report any unpaid assessments due from the Owner of such Lot, in accordance with the provisions of the Declaration.

ARTICLE IX

9. Conflicting Provisions.

In case any of these Bylaws conflict with any provisions of the laws of the State of California, such conflicting Bylaws shall be null and void upon final court determination to such effect, but all other Bylaws shall remain in full force and effect. In case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE X

10. Indemnification of Directors and Officers.

The Board may authorize the Association to pay expenses incurred by, or to satisfy a judgment or fine levied against, any present or former Director, officer, employee, or agent of the Association to the extent and under the circumstances provided in the Declaration.

ARTICLE XI

11. Miscellaneous.

11.1. Checks, Drafts and Documents.

All checks, drafts, orders for payment of money, notes and other evidences of indebtedness issued in the name of or payable to the Association shall be signed or endorsed in the manner and by the person or persons as the Board shall determine by resolution, subject to the requirements of Section 4.6 hereof for withdrawing money from the Association's reserve accounts.

11.2. Execution of Documents.

The Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent, committee member, or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

11.3. Availability of Association Records.

In addition to the rights afforded by the Declaration to Beneficiaries, insurers and guarantors of first Mortgages with regard to inspection of the Association's management documents, the Association shall maintain at its principal office (or at such other place as the Board may prescribe) the Governing Documents and other "Association records" as defined in Section 5200(a) of the California Civil Code, each of which shall be made available for inspection and copying by any Member or the Member's duly appointed representative as described in Sections 5200 et seq. of the California Civil Code. The minutes, minutes that are proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the Board (other than an executive session) shall be available to Members within thirty (30) days of the meeting. The minutes, proposed minutes or summary minutes shall be distributed to any Member upon request and upon reimbursement of the Association's cost in making that distribution. The Association shall provide to any Owner or any other recipient authorized by such Owner for the purpose of providing the same to a prospective purchaser of such Owner's Lot all documents required to be provided by the Association under Section 4530 of the California Civil Code.

11.4. Fiscal Year.

The Fiscal Year of the Association shall be determined by the Board of Directors, and having been so determined, is subject to change from time to time as the Board of Directors shall determine.

ARTICLE XII

12. Notice and Hearing Procedure.

12.1. Suspension of Privileges.

In the event of an alleged violation of the Governing Documents, and after written notice of such alleged violation is delivered personally or by individual delivery pursuant to Section 4040 of the California Civil Code to the Member alleged to have committed the violation ("**respondent**") at least ten (10) days prior to the hearing described in Section 12.3 below, the Board of Directors shall have the right, after affording the respondent an opportunity for such hearing and upon an affirmative vote of a majority of all Directors on the Board, to take any one or more of the following actions: (1) levy a Compliance Assessment as provided in the Declaration and in accordance with the requirements of Section 5850(a) of the California Civil Code; (2) suspend or condition the right of said Member to use any recreational facilities owned, operated or maintained by the Association; (3) suspend said Member's voting privileges as a Member, as further provided in the Declaration; (4) enter upon a Lot to make necessary repairs or to perform maintenance which, according to the Declaration, is the responsibility of the Owner of such Lot; or (5) record a notice of noncompliance encumbering the Lot of the respondent (if such a notice of noncompliance is permitted by applicable law and the policies of the County Recorder's Office). Any such suspension shall be for a period of not more than thirty (30) days for any noncontinuing infraction, but in the case of a continuing infraction (including nonpayment of any assessment after the same becomes delinquent) may be imposed for so long as the violation continues. The failure of the Board to enforce the Governing Documents shall not constitute a waiver of the right to enforce the same thereafter. The remedies set forth above and otherwise provided by these Bylaws shall be cumulative and none shall be exclusive. However, any individual Member must exhaust all available internal remedies of the Association prescribed by the Governing Documents before that Member may resort to a court of law for relief with respect to any alleged violation of the Governing Documents by another Member, provided that the foregoing limitation pertaining to exhausting administrative remedies shall not apply to the Board or to any Member where the complaint alleges nonpayment of Annual Assessments, Compliance Assessments, Capital Improvement Assessments or Reconstruction Assessments.

12.2. Written Complaint.

A hearing to determine whether any of the actions described in Section 12.1 above should be taken shall be initiated by the filing of a written Complaint by any Member or by any officer or member of the Board of Directors with the President of the Association or other presiding member of the Board. The Complaint shall constitute a written statement of charges which shall set forth in ordinary and concise language the acts or omissions with which the respondent is charged, and a reference to the specific provisions of the Governing Documents which the respondent is alleged to have violated. A copy of the Complaint shall be delivered to the respondent along with the written notice described in Section 12.1 above, which written notice shall include all of the items required by Section 5855(b) of the California Civil Code.

12.3. Hearing.

The hearing shall be held before the Board in executive session if requested by the respondent. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard

shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the officer or Director who mailed or delivered such notice. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board must notify the Member of the sanction by personal delivery or by individual delivery pursuant to Section 4040 of the California Civil Code within fifteen (15) days following the date the sanction is imposed.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that:

1. I am the duly elected and acting Secretary of TRACT 31100 HOMEOWNERS ASSOCIATION, a California nonprofit mutual benefit corporation ("**Association**"); and

2. The foregoing Bylaws, comprising 21 pages including this page, constitute the Bylaws of the Association duly adopted by the Board of Directors of the Association on

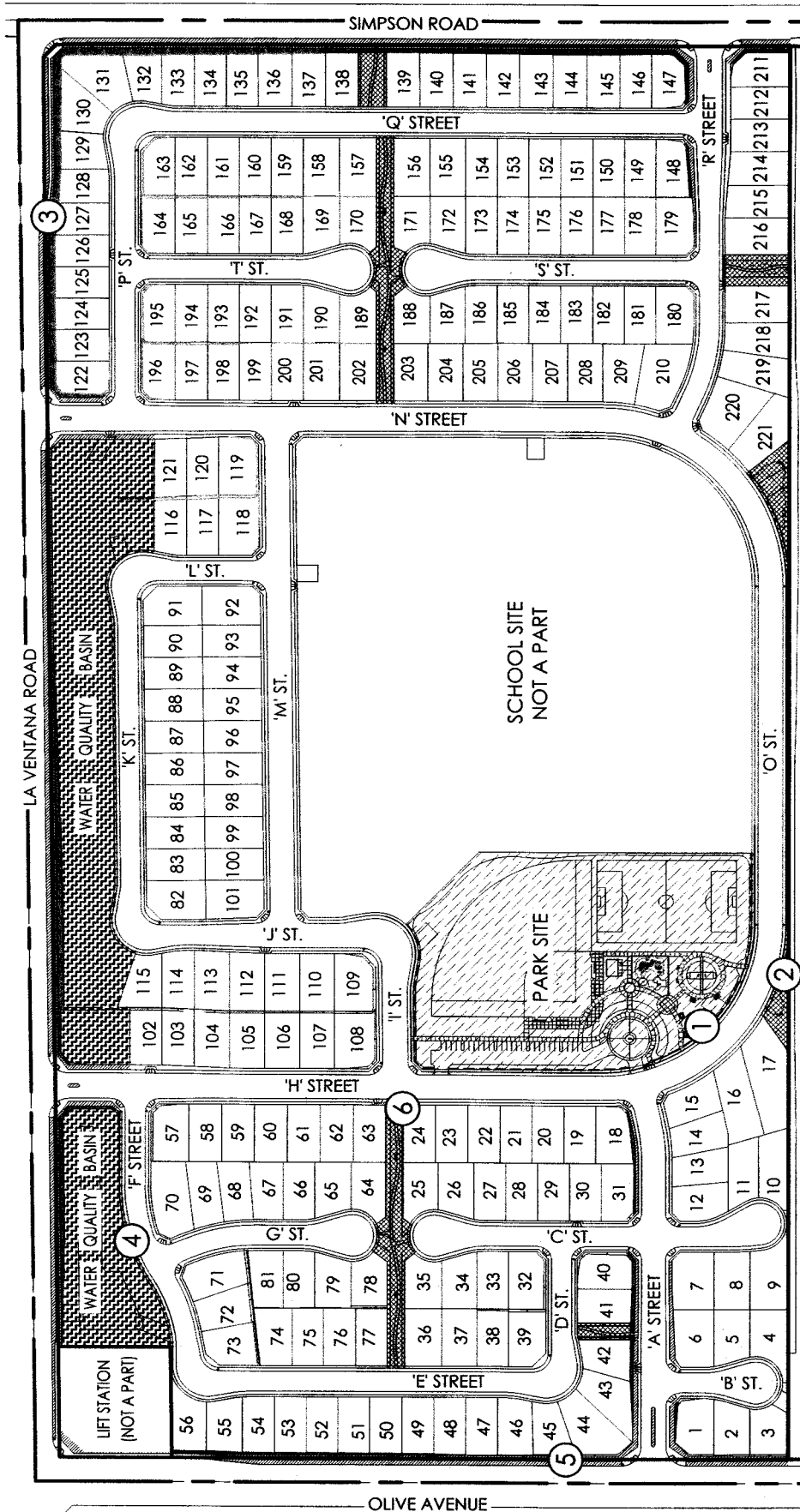
_____.

IN WITNESS WHEREOF, I have hereunto subscribed my hand and affixed the seal of the Association this _____ day of _____.

Secretary

EXHIBIT "C"

COMMON AREA



MAINTENANCE LEGEND

RCID - MAINTAINED AREA

RCID - BASIN
 TOTAL SQ FT AREA-----193,562
 TOTAL ACREAGE FOR AREA----4.4

IRRIGATION METER
 (4) BASIN

VALLEY-WIDE MAINTAINED AREA

V.W. - PARK AREA
 TOTAL SQ FT AREA-----221,484
 TOTAL ACREAGE FOR AREA----5.08

V.W. - PASEO / OPEN SPACE
 TOTAL SQ FT AREA-----57,052
 TOTAL ACREAGE FOR AREA----1.31

IRRIGATION METERS

(1) PARK
 (2) 2 - OPEN SPACE

(3) 3 - STREETSCAPE
 (5) 5 - STREETSCAPE
 (6) 6 - OPEN SPACE

V.W. - STREETSCAPE R.O.W.
 TOTAL SQ FT AREA-----78,520
 TOTAL ACREAGE FOR AREA----1.80

V.W. - STREETSCAPE 2:1 SLOPE
 TOTAL SQ FT AREA-----34,489
 TOTAL ACREAGE FOR AREA----0.79

TOTAL VALLEY WIDE MAINTAINED AREA:
 385,201 SF
 8.84 ACRES

La Ventana - Tr. 31100 MAINTENANCE EXHIBIT

County of Riverside, California

