BY-LAWS

OF

CRYSTAL SPRINGS RANCH
HOMEOWNERS ASSOCIATION

BY-LAWS

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OF

CRYSTAL SPRINGS RANCH HOMEOWNERS ASSOCIATION

ARTICLE I

NAME AND LOCATION. The name of the corporation is CRYSTAL SPRINGS RANCH HOMEOWNERS ASSOCIATION, hereinafter referred to as *"Association"*. The principal office of the corporation shall be located in Los Angeles County but meetings of members and directors may be held at such places within the State of California, County of Los Angeles, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. *"Association"* shall mean and refer to CRYSTAL SPRINGS RANCH HOMEOWNERS ASSOCIATION, its successors and assigns.

Section 2. *"Crystal Springs Ranch"* shall mean and refer to that certain real property described in the Declaration and such additions as may hereafter be annexed thereto or brought within the jurisdiction of the Association, together with all structures and other improvements constructed thereon.

Section 3. *"Common Area"* shall mean all real property owned or managed by the Association, including but not limited to easements over Lots, for the common use and enjoyment of all Owners in the Association, together with all structures and other improvements constructed thereon.

Section 4. *"Lot"* shall mean each Lot in the Association, exclusive of the Common Area, whether improved or unimproved, and in the case of an improved Lot, shall include all structures and improvements constructed thereon.

Section 5. *"Owner"* shall mean and refer to the record Owner, or Owners, if more than one, or Mortgage Holder.

Section 6. *"Declaration"* shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Association recorded in the Office of the County Recorder of Los Angeles County, California.

Section 7. *"Member"* shall mean and refer to any person or entity who or which holds membership in the Association.

Section 8. *"Assessment"* shall mean and refer to a fee levied on each member for annual Association expenses or special expenditures voted on by the Membership.

ARTICLE III

MEETING OF MEMBERS

Section 1. Regular Meetings. Regular meetings of members of the Association shall be held not less frequently than once each calendar year during November at a location selected by the Board in, or adjacent, to the Association, within the Association, or as near thereto as possible. Notice of the exact location shall be given to the Members prior to the meeting in the manner prescribed herein for notice of special meetings.

Section 2. Special Meetings. Special meetings of members of the Association shall be promptly called by the Board of Directors upon the vote for such a meeting by a majority of a quorum of the Board of Directors or upon receipt of a written request therefore signed by members representing not less than 25% of the total voting power of the Association.

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 15 days before such meeting to each Member entitled to vote, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Associa tion 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, twenty-five percent (25%) of the total voting power of the Association 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 or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting without notice other than announcement at the meeting, but may not transact any other business. An adjournment for lack of a quorum shall be to a date not less than fifteen days and not more than thirty days from the original meeting date.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy with one proxy vote per Lot. 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.

Section 6. Membership. The Association members shall be Owners, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of five (5) directors, who must be members of the Association.

Section 2. Term of Office. At each annual meeting, the Members shall elect five directors for a term of one (1) year to succeed those directors whose terms have expired.

Section 3. Removal or Resignation.

a) Any director may be removed from the Board, with or without cause, by a majority of the members of the Assocation. 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.

b) If the Association wishes to remove the Board of Directors, Association members may convene a special meeting as directed in Article III, Section 2. The Special Meeting requires a quorum of the Membership to conduct business as defined in Article III, Section 4. The Board of Directors may be dismissed and a new Board of Directors elected by a simple majority of the quorum. The newly elected Board of Directors shall serve for the remainder of the term.

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

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two 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 must be made from among Members.

Section 2. Election.

a) Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of these By-Laws. The persons receiving the largest number of votes shall be elected. Cumulative voting shall be required in all elections in which more than two positions are to be filled on the Board of Directors.

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

ARTICLE VI

MEETING OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly, at such place within the Properties and at such hour as may be fixed from time to time by resolution of the Board.

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, other than the President. Record of the time and place of any such meeting and of the nature of any special business conducted shall be included in the minutes.

Section 3. Action Taken Without a Meeting. The directors may take any action without a meeting which they could take at a meeting if the directors consent. If the directors resolve by majority consent to take action, an explanation of the action shall be included in the minutes.

Section 4. 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 an act of the Board.

Section 5. Conduct of Meetings.

a) Regular and special meetings of the Board of Directors shall be open to all members of the Association provided, however, that Association members who are not on the Board of Directors may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board of Directors.

b) The Board of Directors may, with the approval of a majority of a quorum of its members, adjourn a meeting and reconvene in executive session to discuss and vote upon membership matters, litigation in which the Association is or may become involved and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

a) delegate its powers to committees, officers or employees of the Association as expressly authorized in the Articles of Incorporation, the Declaration or these By-Laws;

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

c) contract for goods and services for the Association subject to the limitations set forth in Section 3(a) below;

d) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties;

e) 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;

f) adopt and publish rules and regulations governing the use of any Common Area or facilities;

g) suspend after notice and hearing, the voting rights of a Member for a period not to exceed 60 days, for infraction of published rules and regulations;

h) enter in or upon any Lot as necessary and convenient in connection with construction, maintenance or emergency repair for the benefit of the Common Area or the Owners in common.

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

a) keep 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 25% of the Members who are entitled to vote;

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

c) as more fully provided in the Declaration, to:

1. fix the amount of the annual assessment against each Lot at least sixty (60) days in advance of each annual assessment period;

2. send written notice of each assessment to every Owner subject thereto at least sixty (60) days in advance of each annual assessment period; and

3. record a lien against any property for which assessments are not paid within ninety (90) days after due date or to bring legal action against the applicable Owner(s) to enable payment of same.

d) issue, or to cause an appropriate officer to issue, upon demand by any person authorized by the applicable owner, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

e) procure and maintain adequate liability and hazard insurance;

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

g) provide for maintenance of Association Common Areas;

h) pay taxes and assessments which are, or could become, a lien on any Common Area or a portion thereof.

Section 3. Prohibited Actions. The Board of Directors may not, except with the vote or written assent of a majority of the voting power of the Association, take any of the following actions:

a) Enter into a contract with a third person wherein the third person will furnish goods or services for the Association designated maintenance area or the Association for a term longer than one (1) year with the following exceptions:

1. A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate.

2. Prepaid casualty and/or liability insurance policies of not to exceed three years duration provided that the policy permits for cancellation by the insured.

b) Sell during any fiscal year property of the Association having an aggregate fair market value greater than 5% of the budgeted gross expenses of the Association for that fiscal year.

c) Pay compensation to members of the Board of Directors or to officers of the Association for services performed in the conduct of the Association's business provided, however, that the Board of Directors may cause a Member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. 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 corresponding secretary, a recording secretary, and a treasurer, and such other officers as the Board may from time to 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. The Board of Directors shall accept nominations from Board Members. A majority vote will elect the officers, and election is final immediately if the candidate is present.

Section 3. 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 4. Resignation and Removal.

a) Any officer may be removed from his elected office with or without cause by the Board.

b) 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 later time specified therein. Acceptance of such resignation shall not be necessary to make it effective.

Section 5. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 3 of this Article.

Section 6. Duties. The duties of the officers are as follows:

a) President - 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, promissory notes, and other written instruments; shall sign all Association correspondence and checks unless so delegated to a management company as agreed upon by the Board.

b) Vice-President - 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) Treasurer - The treasurer shall oversee the receipt and deposit in appropriate bank accounts all monies of the Association and the disbursement of 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 by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members, unless the duties of check writing, depositing funds, budget preparation, etc., have been delegated to an appropriate management company.

d) Recording Secretary - The recording secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; 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 required by the Board.

e) Corresponding Secretary - The corresponding secretary shall write and mail all correspondence to Association members, including those letters addressing problems, architectural approvals, meeting notices, and other correspondence as the Board deems appropriate. In addition, the corresponding secretary will maintain a complete file of all correspondence and a log of all correspondence to each Homeowner, along with appropriate follow-up letter requirements.

ARTICLE IX

COMMITTEES

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 purpose.

ARTICLE X

BOOKS AND RECORDS

Section 1. Member Access to Information. The membership register, books of account, and minutes of meetings of the members of the Board of Directors and of committees of the Association shall be made available for inspection and copying by any member of the Association - or by his duly-appointed representative - at any reasonable time and for a purpose reasonably related to his interest as a Member, at the office of the Association or at such other place within the subdivision as the Board of Directors shall prescribe.

Section 2. Establishment of Rules. The Board of Directors shall establish reasonable rules with respect to:

a) Notice to be given to the custodian of the records by the Member desiring to make the inspection.

b) Hours and days of the week when such an inspection may be made.

c) Payment of the cost of reproducing copies of documents requested by a Member.

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

ARTICLE XI

FISCAL YEAR, BUDGETS, AND FINANCIAL STATEMENTS

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 2. Financial Statements. Financial statements for the Association shall be regularly prepared and copies shall be distributed to each member of the Association as follows:

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

b) A balance sheet and an operating statement shall be distributed within 60 days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the number of the Lot and the name of the entity assessed.

c) A balance sheet of the last day of the Association's fiscal year and an operating statement for said fiscal year shall be distributed within 90 days after the close of the fiscal year.

Section 3. Independent Audit. An external audit by an independent public accountant shall be required for fiscal-year financial statements.

ARTICLE XII

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the highest rate allowed by law, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose a lien against the property as permitted by law, and interest, costs, and attorney's fees of any such action shall accrue to the Owner and be added to the amount of such assessment.

ARTICLE XIII

AMENDMENTS

Section 1. Amendment. These By-Laws may be amended, at a regular or special meeting of the Members, by a vote of a majority of Members. Notwithstanding the foregoing, the votes required to amend a specific clause of these By-Laws shall not be less than the prescribed percentage of affirmative votes required for action to be taken.

Section 2. Precedence. 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, the Declaration shall control.

IN WITNESS WHEREOF, we, being all of the directors of the CRYSTAL SPRINGS RANCH HOMEOWNERS ASSOCIATION, hereby enact the foregoing By Laws as the By-Laws of said Association, duly adopted at a meeting of the Board of Directors thereof, held on the ___ day of _____, ____.

Sara P. Seeley
President, Board of Directors
Crystal Springs Ranch
Homeowners Association

John A. Gonzalez

Tony M. Varela

Steven Turner

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting secretary of the CRYSTAL SPRINGS RANCH HOMEOWNERS ASSOCIATION, a California nonprofit corporation, and,

IN WITNESS WHEREOF, I have hereunto subscribed my name this 2nd day of April, 93.

Kathy Doyle
Secretary, Board of Directors
Crystal Springs Ranch
Homeowners Association