

RESTATED AND AMENDED BYLAWS

of

The Villas Community Association

Table of Contents

ARTICLE I - DEFINITIONS..... 1

ARTICLE II - OFFICE 1

ARTICLE III - MEMBERS..... 1

Section 1 – Membership.....1

Section 2 – Termination of Membership1

Section 3 – Voting Rights.....1

Section 4 – Membership Certificates1

Section 5 – Plural Memberships2

Section 6 – Assessments2

Section 7 – Enforcement of Payment of Assessments.....2

Section 8 – Association Rules: Enforcement.....2

ARTICLE IV - MEETINGS OF MEMBERS 3

Section 1 – Place of Meeting3

Section 2 – Annual Meetings.....3

Section 3 – Special Meetings.3

Section 4 – Notices of Meetings.....3

Section 5 – Consent of Absentees.....3

Section 6 – Quorum.4

Section 7 – Proxies.4

Section 8 – Action Without Meeting.....4

ARTICLE V - DIRECTORS 5

Section 1 – Powers.....5

Section 2 – Number and Qualification of Directors.6

Section 3 – Election and Term of Office.....	6
Section 4 – No Cumulative Voting.....	6
Section 5 – Removal of Directors.....	6
Section 6 – Vacancies.....	7
Section 7 – Place of Meetings.....	7
Section 8 – Organization Meeting.....	7
Section 9 –Regular Meetings.....	7
Section 10 – Special Meetings.....	7
Section 11 – Notice and Agenda for Board Meetings.....	8
Section 12 - Emergency Meeting.....	8
Section 13 - Open Meetings and Executive Session.....	9
Section 14 – Adjournment.....	9
Section 15 – Waiver of Notice.....	9
Section 16 – Quorum.....	9
Section 17 – Fees and Compensations.....	9
Section 18 – Presiding Officer.....	9
Section 19 – Indemnification of Directors, Officers and Employees.....	10
Section 20 – Minutes.....	12
ARTICLE VI - OFFICERS.....	12
Section 1 – Officers.....	12
Section 2 – Election.....	12
Section 3 – Subordinate Officers.....	12
Section 4 – Removal and Resignation.....	13
Section 5 – Vacancies.....	13
Section 6 – President.....	13
Section 7 – Vice President.....	13

Section 8 – Secretary.....13

Section 9 – Treasurer.....14

ARTICLE VII - MISCELLANEOUS14

Section 1 – Record Date and Closing Membership Register.....14

Section 2 – Inspection of Corporate Records.14

Section 3 – Checks and Drafts.15

Section 4 – Contracts; How Executed.....15

Section 5 – Annual Policy Statement and Budget Report.15

Section 6 – Inspection of Bylaws.....15

Section 7 – Annual Independent Audit.....15

Section 8 – Singular Includes Plural.....15

Section 9 – Conflicts.....15

ARTICLE VIII - AMENDMENTS15

Section 1 – Powers of Members.15

Section 2 – Record of Amendments.15

RESTATED AND AMENDED BYLAWS

Of

The Villas Community Association

ARTICLE I - Definitions

All terms as used in these Restated and Amended Bylaws (hereinafter referred to as "Bylaws") shall, unless stated otherwise, be defined as set forth in that certain Declaration of Covenants, Conditions and Restrictions recorded on March 16, 1978 in Book 12598, Pages 953-1020, inclusive, of Official Records of Orange County, California, and any amendments thereto (the "Declaration"). All of the terms and provisions of said Declaration and any amendments thereto are hereby incorporated herein by reference.

ARTICLE II - Office

Principal Office: The principal office for the transaction of the business of the Association is hereby fixed and located within the Covered Property, or as close thereto as practicable in the County of Orange, State of California. The Board is thereby granted full power and authority to change said principal office from one location to another within said County.

ARTICLE III - Members

Section 1 – Membership. Every person or entity who is an Owner shall be a Member as provided in the Declaration. The provisions of these Bylaws, which are binding upon all Members, are not exclusive, as Members shall also be subject to the terms and provisions of the Articles, the Declaration and Association Rules.

Section 2 – Termination of Membership. Membership in the Association shall automatically terminate when such Member sells and transfers his Residence.

Section 3 – Voting Rights. The Association shall have one class of voting membership and the same voting rights and requirements set forth in the Declaration.

Section 4 – Membership Certificates. In its discretion, the Board may, but need not, issue appropriate membership certificates evidencing membership in the Association.

Section 5 – Plural Memberships. A Member may own more than one membership in the Association by complying with the qualifications of membership as to more than one (1) Residence as set forth in the Section entitled “Membership” of this Article.

Section 6 – Assessments. The Members shall be jointly, severally and personally liable for the payment of such Assessments as may from time to time be fixed and levied by the Board pursuant to the provisions of the Declaration and these Bylaws.

Section 7 – Enforcement of Payment of Assessments. Should any Member fail to pay his Assessments before delinquency, the Association, in the discretion of the Board, shall have the right to enforce a payment of such delinquent Assessments pursuant to the Declaration.

Section 8 – Association Rules: Enforcement. The following provisions shall govern the promulgation of the Association Rules authorized by the Declaration which shall include the establishment of a system of fines and penalties:

(a) The Board in its discretion shall adopt such rules and regulations as are consistent with and in furtherance of existing law, the Declaration, the Articles and these Bylaws. Such rules and regulations shall take effect as the Association Rules.

(b) The Board in its discretion shall adopt a list of specific fines and penalties for the violation by any Member of the provisions of the Declaration, the Articles, these Bylaws and the Association Rules. Such fines and penalties shall be binding on all Members. Such a remedy shall not be deemed to be exclusive and the Board shall have such other remedies as are provided for by applicable law, the Declaration, the Articles, the Bylaws and the Association Rules.

(c) Any Association Rules promulgated pursuant to this Section shall provide that no fine or penalty shall be levied without the following procedural safeguards:

(i) A written statement of the alleged violations shall be provided to any Member against whom such charges are made, and such written statement shall provide a date on which the charges shall be heard;

(ii) No proceedings under this Section shall be brought against any Member unless such Member shall have received a written statement of charges at least ten (10) days prior to that hearing;

(iii) The Board shall appoint a panel of three (3) capable persons (one of whom shall be designated a chairman) who must be Members, and who shall hear the charges and evaluate the evidence of the alleged violation or the Board may choose to be the reviewing body of any charges;

(iv) At such hearing the Member so charged shall have the right to present oral and written evidence and to present relevant witnesses;

(v) The panel shall deliver to the Member so charged within fifteen (15) days after the hearing a written decision which specifies the fines or penalties levied, if any, and the reasons therefor.

ARTICLE IV - Meetings of Members

Section 1 – Place of Meeting. All meetings of Members shall be held within the Covered Property or as close thereto as possible within the County of Orange, State of California, as may be fixed from time to time by resolution of the Board.

Section 2 – Annual Meetings. The annual meeting of the Members shall be held in the month of January in Orange County; provided, however, that the Board by resolution may fix a date for the meeting no more than thirty (30) days before or after said date. The day for the annual meeting of the Members shall not be a legal holiday.

Section 3 – Special Meetings. Special meetings of the Members for any purpose may be called at any time by the President, a majority of a quorum of the members of the Board, or by Members holding not less than five percent (5%) of the voting rights of all Members.

Section 4 – Notices of Meetings. Written notice of meetings, annual or special, shall be given to each Member entitled to vote, either personally or by sending a copy of the notice through the first class mail, postage prepaid, to his address appearing on the books of the Association, or supplied by him to the Association for the purpose of notice. All such notices shall be sent to each Member entitled thereto not less than ten (10) days nor more than thirty (30) days before each meeting, and shall specify the place, the day and the hour of such meeting, and in case of special meetings, the general nature of the business to be transacted.

When any meeting of Members, either annual or special, is adjourned for thirty (30) days or more, notice of the time and place of the adjourned meeting shall be given as in the case of an original meeting. Except as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting, other than by announcement thereof at the meeting at which such adjournment is taken.

Section 5 – Consent of Absentees. The transaction of any business at 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 entitled to vote, not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the records of the Association or made a part of the minutes of the meeting.

Section 6 – Quorum. The presence at the meeting of Members or proxies or any combination thereof, entitled to cast twenty-five percent (25%) of the voting power shall constitute a quorum for any action except as otherwise provided in the Articles, the Declaration, or these Bylaws. If any meeting cannot be held because a quorum is not present, the Members 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. Except as otherwise provided below, the quorum requirement for any adjourned meeting shall be the presence at the meeting of Members or proxies or any combination thereof, entitled to cast fifteen percent (15%) of the voting power. However, this reduced quorum requirement shall not apply to any membership meeting at which the membership is contemplating the removal of one or more Directors. Except where a greater portion of the voting power is required by the Articles, the Declaration, or these Bylaws, a majority of the voting power present, in person or by proxy, shall prevail at all meetings. The Members present at a duly called or held meeting at which a quorum is present may continue to transact 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.

Section 7 – Proxies. Every member entitled to vote or execute consents shall have the right to do so either in person, or by an agent or agents authorized by a written proxy executed by such Member or his duly authorized agent and filed with the Secretary of the Association; provided that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution. Any instruction given in a proxy issued for an election that directs the manner in which the proxyholder is to cast the vote shall be set forth on a separate page of the proxy that can be detached and given to the proxyholder to retain. The proxyholder shall cast the member's vote by secret ballot. The proxy may be revoked by the member prior to the receipt of the ballot by the inspector of elections. The Association shall be under no obligation to issue proxies.

Section 8 – Action Without Meeting. Unless otherwise provided in the Articles:

(a) Directors may only be elected without a meeting by unanimous written consent of all of the Members who would be entitled to vote for the election of such directors, provided that, with appropriate notice as hereinafter set forth, a director may be elected at any time to fill a vacancy not filled by the directors by the written consent of a majority of the Members entitled to vote for the election of the director or directors whose vacancy has occurred.

(b) Any other action which may be taken at any annual or special meeting of Members may be taken without a meeting, upon notice as hereinafter set forth, if a consent in writing, setting forth the action so taken, is signed by the Members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all Members entitled to vote thereon were present and voted.

(c) All such written consents shall be filed with the Secretary of the Association.

(d) The Board shall fix a record date for the determination of Members entitled to give such written consent, as provided in the Section of these Bylaws entitled "Record Date and Closing Membership Register."

(e) Unless the consents of all Members entitled to vote have been solicited in writing, those Members entitled to vote who have not consented in writing shall be entitled to receive the following notices pursuant to the first sentence of the Section entitled "Notice of Meetings" of this Article.

(1) Written notice of any proposed approval by the Members, without a meeting and by less than unanimous written consent, of any of the following proposals shall be given at least ten (10) days before consummation of the action authorized by such approval: (i) a contract or other transaction between the Association and one or more of its directors; (ii) indemnification of an agent of the Association as authorized by these Bylaws or (iii) a reorganization of the Association, and

(2) Prompt written notice shall be given of the taking of any other corporate action approved by the Members without a meeting by less than unanimous written consent.

(f) Any Member giving a written consent, or the Member's proxyholders, may revoke the consent by a writing received by the Association prior to the time that written consents of the number of Members required to authorize the proposed action have been filed with the Secretary of the Association, but may not do so thereafter. Such revocation, if timely, is effective upon its receipt by the Secretary of the Association.

ARTICLE V - Directors

Section 1 – Powers. In addition to the powers and duties of the Board as set forth in the Declaration, the Articles, or elsewhere in these Bylaws, and subject to limitations of the Articles, the Declaration, or these Bylaws, and of the California Corporations Code as to action to be authorized or approved by the Members, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Association shall be controlled by the Board. Without prejudice to such general powers but subject to the same limitations, the Board is vested with and shall have the following powers; to wit:

(a) 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/or these Bylaws, to fix the compensation of agents and employees and to require from them security for faithful service when deemed advisable by the Board.

(b) To conduct, manage and control the affairs and business of the Association, and to enforce such rules and regulations therefor consistent with Law, with the Articles, the Declaration and/or these Bylaws, as the Board may deem necessary or advisable.

(c) To fix, determine and name from time to time, if necessary or advisable, the nonprofit corporation, city or public agency which is then or there organized or operated for purposes similar to the purposes for this Association to which the assets of this Association shall be distributed upon liquidation or dissolution according to the Articles. The assets so distributed shall be those remaining after satisfaction of all just debts and obligations of the Association and

after distribution of all property held or acquired by the Association under the terms of a specific trust or trusts.

(d) To adopt and use a corporate seal.

Section 2 – Number and Qualification of Directors. The Board shall consist of the number of directors named in the Articles until changed by amendment of the Articles, or by an amendment to this Section of these Bylaws, fixing or changing such number, but in no event shall there be less than a minimum number specified in the Articles. Members, or the spouse or legal domestic partner of a Member who meet the following criteria are qualified to be elected to the Board of Directors:

(a) The Member must not be named as an adverse party to the Association in any superior court civil action relating to the enforcement of the governing documents;

(b) The Member must be current in the payment of all assessments levied by the Association for the three (3) months immediately preceding the date of the election at which the Member is being considered for election to the Board of Directors;

(c) The Member must not be related by blood or marriage to or reside in the same household with any other Board member; and

(d) The Member must reside primarily within the Association (i.e., the Member may not live off-site).

Section 3 – Election and Term of Office. At Annual Meetings the Members shall elect directors for a term of two (2) years to succeed those directors whose terms have expired. Election of directors shall be by secret written ballot. All directors shall hold office until their respective successors are elected. At the time these Restated and Amended Bylaws were adopted, the Association Directors were serving staggered 2-year terms (3-2 stagger). Future Director terms shall maintain such staggered terms.

Section 4 – No Cumulative Voting. Every Member entitled to vote for any election of directors shall have the number of votes equal to the number of directors to be elected. Cumulative voting shall not be permitted. The candidate receiving the highest number of votes up to the number of directors to be elected shall be elected.

Section 5 – Removal of Directors. At any special meeting of the Members of which notice has been properly given as provided in these Bylaws, the entire Board or any individual director may be removed from office as hereinafter set forth, provided that the same notice of said special meeting has also been given to said entire Board or any individual director whose removal is to be considered at said special meeting. The entire Board or any individual director may be removed from office by a majority of the affirmative votes cast in the voting on any motion or resolution for removal. In the event that any or all directors are so removed, new directors may be elected at the same meeting.

Section 6 – Vacancies. Vacancies on the Board may be filled by a vote of a majority of the remaining directors, though less than a quorum, or by a sole remaining director, and each director so elected shall hold office until successor is elected at an annual meeting of Members, or at a special meeting called for that purpose. Vacancies occurring in the Board by reason of the removal of a director or directors may be filled only by the vote of a majority of the Members.

A vacancy or vacancies shall be deemed to exist in case of the death, resignation or removal of any director. If the Members shall increase the authorized number of directors but shall fail to elect the additional directors as provided for at the meeting at which such increase is authorized, or at an adjournment thereof, or in case the Members fail to at any time elect the full number of the authorized directors, a vacancy or vacancies shall be deemed to exist.

The Members may at any time elect directors to fill any vacancy not filled by the directors, and may elect the additional directors at the meeting at which an amendment of the Bylaws is voted authorizing an increase in the number of directors.

If any director tenders his resignation to the Board, the Board shall have power to elect a successor to take office at such time as the resignation shall become effective. No reduction of the number of directors shall have the effect of removing any director prior to the expiration of his term of office.

The Board, by a majority vote of the directors who meet all of the required qualifications to be a director, may declare vacant the office of any director who commits any of the following acts: fails to attend three (3) consecutive regularly scheduled meetings of the Board or fails to attend more than six (6) meetings of the Board, regular or special, within any twelve (12) month period.

Section 7 – Place of Meetings. All meetings of the Board shall be held within the Covered Property or as close thereto as possible within the County of Orange, State of California, as designated at any time by resolution of the Board or by written consent of all members of the Board.

Section 8 – Organization Meeting. Immediately following each annual meeting of the Members, the Board shall hold a regular meeting for the purpose of organization, election of officers and the transaction of other business. Notice of such meeting is hereby dispensed with.

Section 9 – Regular Meetings. Regular meetings of the Board may be held at such place and day and hour as may be fixed from time to time by resolution of the Board. Notice of the agenda, time and place of any regular meeting shall be posted at a prominent and accessible place or places within the Covered Property. In no event shall regular meetings of the Board be held less than once every six (6) months.

Section 10 – Special Meetings. Special meetings of the Board for any purpose may be called at any time by the President, or by any two (2) directors.

Section 11 – Notice and Agenda for Board Meetings. The Board shall not take action on any item of business outside of a board meeting. Except in the case of an emergency meeting or a meeting consisting solely of executive session, not less than four (4) days prior to the scheduled time set for a meeting of the Board, written notice of the time and place and the agenda of such meeting shall be posted in a prominent and accessible place or places in the Covered Property and delivered personally to the directors or sent to each director by letter or by electronic mail or by phone (including voice mail message). Such mailing or delivery as provided herein shall be due, legal and personal notice to each such director. The Board may not discuss or take action on any item at a non-emergency meeting unless the item was placed on the agenda included in the notice described herein, with the following exception. Upon a determination made by a majority of the Board present at the meeting that an emergency situation exists, the Board may act on a matter not set forth on the agenda. An emergency situation exists if there are circumstances that could not have been reasonably foreseen by the Board, that require immediate attention and possible action by the Board, and that, of necessity, make it impracticable to provide notice. Further, upon a determination made by the Board by a vote of two-thirds of the Directors present at the meeting, or, if less than two-thirds of total membership of the Board is present at the meeting, by a unanimous vote of the Directors present, that there is a need to take immediate action and that the need for action came to the attention of the Board after the agenda was distributed, the Board may also act on that matter regardless of the fact that the matter was not on the agenda. Further, an item that appeared on an agenda that was distributed for a prior meeting of the Board that occurred not more than thirty (30) calendar days before the date that action is taken on the item and, at the prior meeting, action on the item was continued to the meeting at which the action is taken may also be acted upon, despite not being listed on the agenda for the meeting.

Section 12 - Emergency Meeting. An emergency meeting of the Board may be called by the President or by any two (2) members of the Board other than the President, if there are circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board, and which necessity make it impracticable to provide notice to Members as required in Sections 11 of these Bylaws. The notice for such emergency meeting shall be given to the directors by personal delivery, telephone (including a voice message system or other system with technology designed to record and communicate messages), facsimiles, electronic mail or other electronic means at any time prior to the emergency meeting. Electronic transmissions may be used as a method of conducting an emergency Board meeting if all directors, individually or collectively, consent in writing to that action, and if the written consent or consents are filed with the minutes of the Board meeting. These written consents may be transmitted electronically.

Section 13 - Open Meetings and Executive Session. Regular, special and emergency meetings of the Board (excluding any meetings while the Board is in executive session) shall be open to all Members; provided, however, that Members who are not on the Board shall be permitted to speak at Board meetings subject to such reasonable time limits as may be set by the Board. In addition, the Board may meet in executive session out of the presence of the Members to discuss and vote upon litigation matters, matters that relate to the formation of contracts with third parties, personnel matters, and orders of business of a similar or otherwise sensitive nature. In any matter relating to the discipline of a Member or the Member's payment of assessments, the Board shall meet in executive session with respect to such matter if requested by that Member, and the Member shall be entitled to attend the executive session. Any matter discussed in executive session shall be generally noted in the minutes of the Board immediately following Board meeting that is open to the entire membership. For meetings held exclusively in executive session the notice requirements set forth in Sections 11 shall be reduced to two (2) days.

Section 14 – Adjournment. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If a Board meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time and place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of adjournment; provided, however, such notice need not be given to such absent directors in the event of an adjournment of less than twenty-four (24) hours.

Section 15 – Waiver of Notice. The transaction of any business at any meeting of the Board, however called and noticed, to the directors, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting, each of the directors not present signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the records of the Association or made a part of the minutes of the meeting.

Section 16 – Quorum. A majority of the number of directors as fixed by the Articles or these Bylaws shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision made or done by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

Section 17 – Fees and Compensations. No director or officer shall receive any salary for his services as such officer or director. Nothing herein contained shall be construed to preclude any director or officer from serving the Association as agent, counsel, or any capacity other than as such director or officer, and receiving compensation therefor, nor from being reimbursed for expenses incurred in the Association's business.

Section 18 – Presiding Officer. The President shall preside at all meetings of the Board, unless unavailable, in which case the Vice-President shall preside.