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BOOK 5249 PAGE 2260

1979 DEC -6 PM 1:30

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RAY A. VERGAMEN
KERN COUNTY RECORDER

BYLAWS

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OF

SAUNDERS PARK VILLA ASSOCIATION

ARTICLE I

NAME AND LOCATION. The name of the corporation is SAUNDERS PARK VILLA ASSOCIATION, hereinafter referred to as the "Association." The principal office of the corporation shall be located in the County of Kern, State of California. Meetings of members and directors shall be held within the confines of the subdivision hereinafter referred to as SAUNDERS PARK VILLA.

ARTICLE II

Section 1. "Association" shall mean and refer to SAUNDERS PARK VILLA ASSOCIATION, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 5. "Owner" shall mean and refer to the record owner,

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whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to CHARLES R. KLASSEN and TWILLA J. KLASSEN, husband and wife, and JAMES H. ELISON and SALLY E. ELISON, husband and wife, their successors and assigns if such successors and assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Kern County Recorder, State of California.

Section 8. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within six (6) months after the sale of the first Lot or not later than thirty (30) days after fifty-one (51%) percent of the lots have been sold, whichever occurs first. Subsequent regular annual meetings of the members shall be held on the same day of the same month of each year thereafter, at the hour of 7:30 o'clock P.M. If the day for the annual meeting of the

members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the president or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days but not more than thirty (30) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. The place of the meeting shall be within the development or as near thereto as practicable.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, a majority of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn

the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.

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 need not be members of the Association.

Section 2. Term of Office. At the first annual meeting the members shall elect five (5) directors for a term of one year. At each annual meeting thereafter the members shall elect five (5) directors for a term of one year.

Section 3. Removal. The entire Board of Directors or any individual director may be removed from office by a vote of shareholders holding a majority of the outstanding shares entitled to vote at an election of directors. Cumulative voting will be allowed. However, unless the entire board is removed, an individual director shall not be removed if the number of shares voted against the resolution for his removal exceeds the quotient arrived at when the total number of outstanding shares entitled to vote is divided by one plus the authorized number of directors. If any or all directors

are so removed, new directors may be elected at the same meeting.

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 may be made from among members or non-members.

Section 2. Election. 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 the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is permitted. At any election of directors in which the Owners do not have a sufficient percentage of the voting power of the Association to elect at least one director through cumulative voting of all their votes, at least one director will be elected solely by the votes of the Owners.

Notwithstanding the foregoing, from the first election of the governing body and thereafter for so long as a majority of the voting power of the Association resides in the Declarant, or so long as there are two (2) outstanding classes of membership in the Association, not less than twenty (20%) percent of the incumbents on the Board of Directors shall have been elected solely by the votes of Owners other than the Declarant.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

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

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

(a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed thirty (30) days for infraction of published rules and regulations;

(c) 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;

(d) 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;

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

(f) to cause the exterior of each developed Lot to be maintained in a reasonable condition;

(g) contract for materials and/or services for the Common Area or the Owners' Association with the terms of any service contract limited to a duration of one year, except with the approval of a majority of the members of the Association.

(h) initiation and execution of disciplinary proceedings against members of the Association for violations of provisions of the governing instruments in accordance with the procedures set forth in the Declaration.

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

(a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to

establish penalties for the infraction thereof;

(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 thirty (30) days in advance of each annual assessment period; and

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, 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 on property owned by the Association;

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

(g) cause the Common Area to be maintained;

(h) cause the exterior of each Lot to be maintained consistent with Article IX of the Declaration entitled "Maintenance of Lots";

(i) cause a balance sheet and an operating (income) statement for the Association with provisions for the distribution of copies thereof by the governing body to each member of the Association within sixty (60) days of accounting dates as follows:

(1) a balance sheet as of an accounting date which shall be the last day of the month closest in time to six (6) months from the date of closing of the first sale of a subdivision interest to a member of the Association and an operating statement for an accounting period from the aforesaid date of first closing to the aforesaid accounting date;

(2) a balance sheet as of the last day of the Association's fiscal year and an operating statement for said fiscal year. The operating statement for the first six (6) months accounting period referred to in (1) above shall include a schedule of assessments received or receivable itemized by Lot or unit number and by the name of the person or entity assessed. This balance sheet shall be distributed to the members within ninety (90) days after the close of the fiscal year.

(j) cause an external audit by an independent public accountant for the fiscal-year financial statement (other than budgets) for any fiscal year in which the gross income

to the Association exceeds \$75,000.00.

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Section 3. Actions Prohibited Except on Written Assent of the Association. The Board of Directors shall be prohibited from taking any of the following actions except with the vote or written assent of a majority of the voting power of the Association residing in members other than the Declarant, to wit:

(a) entering into a contract with a third person wherein the third person will furnish goods or services for the Common Area or the owners' Association for a term longer than one (1) year with the following exceptions:

(1) a management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration;

(2) 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.

(3) prepaid casualty and/or liability insurance policies not to exceed three (3) years duration provided the policy permits for short rate cancellation by the insured.

(b) incurring aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five (5) percent of the budgeted gross expenses of the Association for that fiscal year.

(c) selling during any fiscal year property of the Association having an aggregate fair market value greater than five (5) percent of the budgeted gross expenses of the Association for that fiscal year.

(d) paying 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 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.

Section 3. Term. 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.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time 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, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled 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 7. 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 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

(a) the president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other

written instruments and shall co-sign all checks and promissory notes.

Vice-President

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

Secretary

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made 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.

ARTICLE IX

COMMITTEES

The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X

BOOKS AND RECORDS

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

ARTICLE XI

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. Association assessments or fees shall bear a \$4.00 per month late charge for payments received after the 10th of the month, and the Association may bring an action at law against the Owner personally obligated to pay the same or

foreclose the lien against the property, and interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Owner may waiver or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

It is expressly provided, however, that the Board of Directors may not, without the vote or written assent of the majority of the voting power of the Association residing in the members other than the Declarant impose a regular annual assessment per Lot which is more than twenty (20%) percent greater than the regular assessment for the immediately preceding fiscal year.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: SAUNDERS PARK VILLA ASSOCIATION.

ARTICLE XIII

AMENDMENTS

Section 1. Except as otherwise provided herein, the provisions of these Bylaws may be amended, altered, changed, added to, repealed, abandoned, terminated and/or replaced by an instrument in writing signed and acknowledged by record Owners holding seventy-five percent (75%) of each class of votes hereunder.

If the two-class voting structure is no longer in effect

because of the conversion of Class B to Class A, these Bylaws may be amended by the vote or written consent of Owners representing a seventy-five percent (75%) majority of the total voting power of the Homeowners' Association, including at least a majority of the votes of Owners other than Declarant.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these By-laws, the Declaration shall control.

ARTICLE XIV

MISCELLANEOUS

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.

IN WITNESS WHEREOF, we, being all of the directors of the SAUNDERS PARK VILLA ASSOCIATION, have hereunto set our hands this 14th day of November, 1979.

✓ SAUNDERS PARK VILLA ASSOCIATION
Charles R. Klassen
CHARLES R. KLASSEN

Twilla J. Klassen
TWILLA J. KLASSEN

James H. Ellison

JAMES H. ELISON

Sally E. Ellison

SALLY E. ELISON

Arthur F. Fisher

ARTHUR F. FISHER

STATE OF CALIFORNIA
COUNTY OF KERN

} ss.

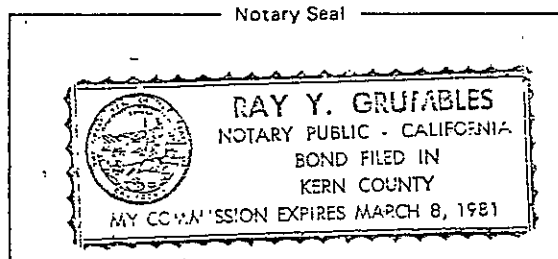
On November 14, 1979, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Charles R. Klassen, Twilla J. Klassen, James H. Ellison, Sally E. Ellison and Arthur F. Fisher; known to me to be the Officers of the corporation that executed the within instrument, and known to me to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its By-Laws or a Resolution of its Board of Directors.

Corporation Acknowledgment

WITNESS my hand and official seal.

Ray Y. Grufables

Notary Public in and for said County and State



16-10-70

BYLAWS

OF

SAUNDERS PARK VILLA ASSOCIATION

This Addendum entered into this date with respect to the Bylaws of the Saunders Park Villa Association provides as follows, to wit:

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. entitled "Regular Meetings," page 6, is hereby amended to read as follows, to wit:

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly within the subdivision proper at a time and place fixed by the governing body from time to time by resolution of the Board. Notice of the time and place of such meetings shall be posted at a prominent place or places within the common area. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. entitled "Special Meetings," page 7, is hereby amended to read as follows, to wit:

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days notice to each director. Such written notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice

shall be sent to all governing body members and posted in a manner prescribed for notice of regular meetings not less than seventy-two (72) hours prior to the scheduled time of the meeting.

Regular and special meetings of the Board of Directors shall be open to all members of the Association provided, however, that the 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.

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 personnel 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 2. entitled "Duties," commencing at page 8 and continuing to the top of page 11, is hereby amended so as to add thereto the following additional provisions, to wit:

(k) Cause the membership register, books of account and Minutes of meeting of the Board of Directors and of committees of the Board of Directors to 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, such inspection to be at the office of the Association or at such other place within the

subdivision as the Board shall prescribe.

In this regard, the Board of Directors shall establish reasonable rules with respect to notice to be given to the custodian of the records by the member desiring to make the inspection; hours and days of the week when such an inspection may be made; and payment of the cost of reproducing copies of documents requested by a member.

In this regard, 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.

Section 4. entitled "Quorum," Article III, page 3. is hereby amended to read as follows, to wit:

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, a majority of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. In the absence of a quorum at a members' meeting, a majority of those present in person or by proxy may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum shall be to a date not less than five (5) days and not more than thirty (30) days from the original meeting date. The quorum for such a meeting shall not be less than twenty-five percent (25%) of the total voting power of the Association.

In all other particulars, the Bylaws of the above-named Association shall continue to be in full force and effect.

IN WITNESS WHEREOF, we, being all of the directors of the SAUNDERS PARK VILLA ASSOCIATION, have hereunto set our hands onto this Addendum this 14th day of November, 1979.

SAUNDERS PARK VILLA ASSOCIATION

Charles R. Klassen
CHARLES R. KLASSEN

Twilla J. Klassen
TWILLA J. KLASSEN

James H. Elison
JAMES H. ELISON

Sally E. Elison
SALLY E. ELISON

Arthur F. Fisher
ARTHUR F. FISHER

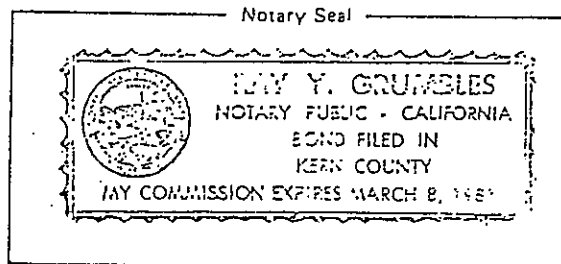
STATE OF CALIFORNIA }
COUNTY OF KERN } SS.

On November 14, 1979, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Charles R. Klassen, Twilla J. Klassen, James H. Elison, Sally E. Elison and Arthur F. Fisher; known to me to be the Officers of the corporation that executed the within instrument, and known to me to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its By-Laws or a Resolusion of its Board of Directors.

WITNESS my hand and official seal.

Ray Y. Grumbles

Notary Public in and for said County and State



Corporation Acknowledgment

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of the SAUNDERS PARK VILLA ASSOCIATION, a California corporation, and,

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at the meeting of the Board of Directors thereof, held on the 14th day of November, 1979.


Secretary
TWILLA J. KLASSEN

STATE OF CALIFORNIA
COUNTY OF KERN

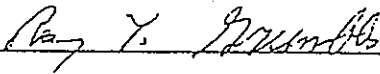
} ss.

On November 14, 1979, before me, the undersigned, a Notary Public in and for said County and State, personally appeared _____

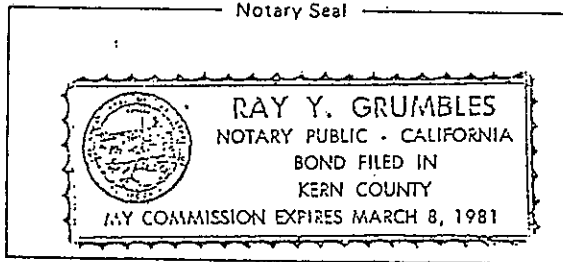
~~XX~~ Twilla J. Klassen

known to me to be the _____ Secretary of the corporation that executed the within instrument, and known to me to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its By-Laws or a Resolution of its Board of Directors.

WITNESS my hand and official seal.



Notary Public in and for said County and State



Corporation Acknowledgment