

THE AMENDED AND RESTATED
BY LAWS
of
THE HIGHLANDS COMMUNITY ASSOCIATION

ARTICLE I

Definitions

All terms as used in these Bylaws shall, unless stated otherwise, be defined as set forth in that certain Amended and Restated Declaration of Covenants, Conditions, and Restrictions recorded _____, 2005, 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 hereby 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 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, and subject to the requirements of Civil Code Sections 1357.100 through 1357.150, 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 and shall be enforceable by the Board as a Special Assessment. 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 in compliance with Civil Code Section 1363(h);
 - (iii) No proceeding shall be brought against any Member more than sixty (60) days after such Member is provided a written statement of charges;
 - (iv) At such hearing the Member so charged shall have the right to present oral and written evidence and to confront and cross-examine adverse witnesses;
 - (v) The Association 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 therefore in compliance with Civil Code Section 1363(h).
- (d) In the event that a Member shall correct an alleged violation prior to the hearing date, the Board shall discontinue the proceedings.