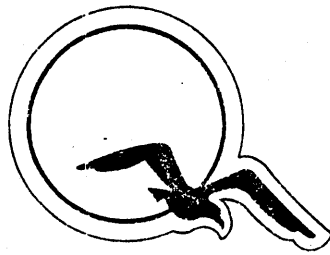


**If this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.**

SOUTHPORT

DEVELOPMENT CORP.



# BEACH TERRACE

By-Laws of Beach Terrace Community Association, Inc.

BK 12294PG1103

DGB:wd 5/13/77 VT  
File No. 10751

BY-LAWS  
OF  
BEACH TERRACE COMMUNITY ASSOCIATION, INC.

FULOP, ROLSTON,  
BURNS & MCKITTRICK  
A LAW CORPORATION

TABLE OF CONTENTS  
FOR BY-LAWS OF  
BEACH TERRACE COMMUNITY ASSOCIATION, INC.

<u>DESCRIPTION</u>	<u>PAGE NO.</u>
ARTICLE I      GENERAL PLAN OF OWNERSHIP	1
Section 1      Name	1
Section 2      Application	1
Section 3      Meaning of Terms	1
ARTICLE II      VOTING BY ASSOCIATION MEMBERSHIP	1
Section 1      Voting Rights	1
Section 2      Majority of Quorum	2
Section 3      Quorum	2
Section 4      Proxies	2
ARTICLE III     ADMINISTRATION	2
Section 1      Association Responsibilities	2
Section 2      Place of Meetings of Members	3
Section 3      Annual Meetings of Members	3
Section 4      Special Meetings of Members	3
Section 5      Notice of Meetings of Members	3
Section 6      Adjourned Meetings	4
Section 7      Order of Business	4
Section 8      Action Without Meeting	4
Section 9      Consent of Absentees	5
Section 10     Minutes, Presumption of Notice	5
ARTICLE IV      BOARD OF DIRECTORS	5
Section 1      Number and Qualification	5
Section 2      Powers and Duties	5
Section 3      Special Powers and Duties	6
Section 4      Management Agent	9
Section 5      Election and Term of Office	9
Section 6      Books, Audit	10
Section 7      Vacancies	11
Section 8      Removal of Directors	11
Section 9      Organization Meeting of Board	12
Section 10     Regular Meetings of Board	12
Section 11     Special Meetings of Board	13
Section 12     Waiver of Notice	13

TABLE OF CONTENTS (Continued)

<u>DESCRIPTION</u>	<u>PAGE NO.</u>
Section 13 Quorum and Adjournment	13
Section 14 Fidelity Bonds	14
Section 15 Committees	14
ARTICLE V OFFICERS	14
Section 1 Designation	14
Section 2 Election of Officers	14
Section 3 Removal of Officers	15
Section 4 Compensation	15
Section 5 President	15
Section 6 Vice President	16
Section 7 Secretary	16
Section 8 Treasurer	16
ARTICLE VI OBLIGATIONS OF MEMBERS	17
Section 1 Assessments	17
Section 2 Maintenance and Repair	17
ARTICLE VII AMENDMENTS TO BY-LAWS	17
ARTICLE VIII MORTGAGEES	18
Section 1 Notice to Association	18
Section 2 Notice of Unpaid Assessments	18
ARTICLE IX CONFLICTING PROVISIONS	18
ARTICLE X INDEMNIFICATION OF DIRECTORS AND OFFICERS	18
ARTICLE XI MISCELLANEOUS	19
Section 1 Execution of Documents	19
Section 2 Inspection of By-Laws	19
Section 3 Fiscal Year	20
Section 4 Membership Book	20
ARTICLE XII NOTICE AND HEARING PROCEDURE	20
Section 1 Suspension of Privileges	20
Section 2 Written Complaint	21
Section 3 Forum	22
Section 4 Notice of Hearing	22
Section 5 Hearing	23
Section 6 Decision	23
CERTIFICATE OF SECRETARY	25

BX 12294PG 1 IC6

BY-LAWS  
OF  
BEACH TERRACE COMMUNITY ASSOCIATION, INC.

ARTICLE I

GENERAL PLAN OF OWNERSHIP

Section 1. Name. The name of the corporation is BEACH TERRACE COMMUNITY ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the Association shall be located in Orange County, California.

Section 2. Application. The provisions of these By-Laws are applicable to the planned residential development known as Beach Terrace, located in the City of Garden Grove, County of Orange, State of California (the "Properties"). All present and future owners and their tenants, future tenants, employees, and any other person that might use the facilities of the Properties in any manner, are subject to the regulations set forth in these By-Laws and in the Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Beach Terrace (the "Declaration" herein) recorded or to be recorded in the Office of the Orange County Recorder 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 By-Laws are accepted, ratified, and will be complied with.

Section 3. Meaning of Terms. The following terms, as used in these By-Laws shall have the same meanings as are applied to such terms in the Declaration: "Declarant", "Articles", "Board", "Common Area", "Family", "Structural Maintenance Areas", "Lot", "Member", "Declaration", "Owner", "Properties", "Mortgage", "Mortgagee", "Association", "Improvement", "annual assessments", "Architectural Committee", "Special Assessments", "Capital Improvement Assessments", "Reconstruction Assessments" and "Landscape Maintenance Areas."

ARTICLE II

VOTING BY ASSOCIATION MEMBERSHIP

Section 1. Voting Rights. The Association shall have two (2) classes of voting Membership, as follows:

BK12294PG11C7

Class A. Class A Members shall be those Owners with the exception of Declarant for so long as there exists a Class B Membership. Class A Members shall be entitled to one (1) vote for each Lot owned and subject to assessment as further provided in the Declaration.

Class B. The Class B Member shall be Declarant. The Class B Member shall be entitled to three (3) votes for each Lot owned by Declarant and subject to assessment, provided that the Class B Membership shall cease and be converted to Class A Membership on the happening of any of the following events, whichever occurs earliest:

(1) When the total votes outstanding in the Class A Membership equal the total votes outstanding in the Class B Membership; or

(2) The second anniversary of the original issuance of the Final Subdivision Public Report for the Properties.

Section 2. Majority of Quorum. Unless otherwise expressly provided in these By-Laws 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.

Section 3. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of at least fifty-one percent (51%) 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.

Section 4. Proxies. Votes may be cast in person or by proxy. Proxies must be in writing and filed with the Secretary at least twenty-four (24) hours before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease after completion of the meeting for which the proxy was filed.

### ARTICLE III

#### ADMINISTRATION

Section 1. Association Responsibilities. In accordance with the provisions of the Declaration, the Association shall have the responsibility of administering the Properties, approving the

BK 12294PG 11C8

annual budget, establishing and collecting all assessments authorized under the Declaration, and arranging for overall architectural control of the Properties.

Section 2. Place of Meetings of Members. Meetings of the Members shall be held on the Properties or such other suitable place in Orange County as proximate thereto as practicable and convenient to the Members as may be designated from time to time by the Board of Directors.

Section 3. Annual Meetings of Members. The first annual meeting of Members shall be held within forty-five (45) days after fifty-one percent (51%) of the escrows for the sale of all of the Lots in the Properties have closed or within six (6) months after the close of escrow for the sale of the first Lot in the Properties, whichever occurs first. 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 5 of Article IV of these By-Laws. 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.

Section 4. Special Meetings of Members. It shall be the duty of the President to call a special meeting of the Members, as directed by resolution of a majority of a quorum of the Board of Directors, or upon a petition signed by Members representing at least twenty-five percent (25%) of the total voting power of the Association or by at least fifteen percent (15%) of the voting power residing in Members other than Declarant. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice, unless by consent of those Members present, in person or by proxy, representing at least eighty percent (80%) of the voting power of the Association. Each first Mortgagee of a Lot in the Properties may designate a representative to attend all special meetings of the Members.

Section 5. Notice of Meetings of Members. It shall be the duty of the Secretary to mail a notice of each annual or special meeting of Members, 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



BK 12294PS 1 C9

time limits for speakers and nominating procedures for the meeting. 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 in the future as a record date for the determination of the Members entitled to notice of and to vote at any meeting of Members. The record date so fixed shall not be more than thirty (30) days nor less than ten (10) days prior to the date of the meeting. When a record date is so fixed, only Members of record on that date shall be entitled to notice of and to vote at the meeting, notwithstanding any transfer of or issuance of Membership certificates on the books of the Association after the record date.

Section 6. Adjourned Meetings. If any meeting of Members cannot be organized because a quorum is not present, 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 adjourned meetings 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 a meeting is adjourned for more than thirty (30) days, notice of the adjourned meeting shall be given in the manner provided in Section 5 of this Article III.

Section 7. Order of Business. 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. Meetings of Members shall be conducted by the officers of the Association, in order of their priority.

Section 8. Action Without Meeting. Any action, which under the provisions of the California Corporations Code may be taken at a meeting of the Members, may be taken without a meeting if authorized by a writing signed by all of the Members who would be entitled to vote at a meeting for such purpose, and filed with the Secretary.

BK 12294PG1110

Section 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.

Section 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 of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

#### ARTICLE IV

##### BOARD OF DIRECTORS

Section 1. Number and Qualification. The property, business and affairs of the Association shall be governed and managed by a Board of Directors composed of five (5) Persons, each of whom, except for those appointed and serving as first Directors, must either be a resident Owner of a Lot in the Properties, or an agent of Declarant for so long as Declarant owns a Lot in the Properties. The Board of Directors may increase, by resolution, the authorized number of Directors; provided that the Members shall have the sole right to elect the new Directors. 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 such Directors' duties.

Section 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 By-Laws directed to be exercised and done exclusively by the Members. The Board of Directors shall not enter into any contract for a term in excess of one (1) year, without the vote or written consent of the Members representing at

BK 12294PG 1111

least a majority of the Class A and Class B voting power, except for (1) any contract with a public utility company (such as Southern California Edison Company) which requires a term in excess of one (1) year, (2) a management contract the terms of which have been approved by the Veterans Administration or the Federal Housing Administration, and (3) 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.

Section 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) 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 By-Laws; to fix their compensation 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 make and enforce such rules and regulations therefor consistent with law, with the Articles, the Declaration and these By-Laws, as the Board may deem necessary or advisable.

(c) To change the principal office for the transaction of the business of the Association from one location to another within the County of Orange, 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 Article III, Section 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 (2/3rds) of the Class A voting power of the Association, 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.

BX 12294PG1112

(e) To fix and levy from time to time annual assessments, Special Assessments, and Reconstruction Assessments upon the Members, as provided in the Declaration; to fix and levy from time to time in any fiscal year Capital Improvement Assessments applicable to that year only for capital improvements; to determine and fix the due date for the payment of such assessments, and the date upon which the same shall become delinquent; provided, however, that such assessments shall be fixed and levied only to provide for the payment of the common expenses of the Association and of taxes and assessments upon real or personal property owned, leased, controlled or occupied by the Association, or for the payment of expenses for labor rendered or materials or supplies used and consumed, or equipment and appliances furnished for the maintenance, improvement or development of such property or for the payment of any and all obligations in relation thereto, or in performing or causing to be performed any of the purposes of the Association for the general benefit and welfare of its Members, in accordance with the provisions of the Declaration. The Board of Directors is hereby authorized to incur any and all such expenditures for any of the foregoing purposes and to provide, or cause to be provided, adequate reserves for replacements as it shall deem to be necessary or advisable in the interest of the Association or welfare of its Members. The funds collected by the Board of Directors from the Members, attributable for replacement reserves, for maintenance, recurring less frequently than annually, and for capital improvements, shall at all times be held in trust for the Members and shall not be commingled with other assessments collected from the Members. Disbursements from such trust reserve fund shall be made only in accordance with the provisions of the Declaration. Such annual assessments, Reconstruction Assessments, Special Assessments and Capital Improvement Assessments shall be fixed in accordance with the provisions of the Declaration. Should any Member fail to pay such Assessments before delinquency, the Board of Directors in its discretion is authorized to enforce the payment of such delinquent assessments as provided in the Declaration.

(f) To enforce the provisions of the Declaration covering the Properties, these By-Laws or other agreements of the Association.

(g) To contract for and pay fire, casualty, errors and omissions and director and officer liability (where economically practical), blanket liability, malicious mischief, vandalism, liquor liability and other insurance, insuring the Members, the Association, the Board of Directors and other interested parties, in accordance with the provisions of the Declaration, covering and

BK 12294PG 1113

protecting against such damages or injuries as the Board deems advisable (which may include without limitation, medical expenses of persons injured on the Common Area, Landscape Maintenance Areas or Structural Maintenance Areas). The Board shall review, not less frequently than annually, all insurance policies and bonds obtained by the Board on behalf of the Association.

(h) To contract for and pay maintenance, gardening, utilities, materials and supplies, and services relating to the Common Area, Landscape Maintenance Areas and Structural Maintenance Areas and to employ personnel necessary for the operation of the Properties, including legal and accounting services, and to contract for and pay for Improvements and landscaping on the Common Area, Landscape Maintenance Areas and Structural Maintenance Areas.

(i) To delegate its powers according to law, and subject to the approval of the Members, to adopt these By-Laws.

(j) To grant easements where necessary for utilities and sewer facilities over the Properties to serve the Properties.

(k) To fix, determine and name from time to time, if necessary or advisable, the nonprofit fund, trust, foundation or corporation to which the assets of this Association shall be distributed upon liquidation or dissolution, according to the Articles of Incorporation of the Association. 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.

(l) To adopt such rules and regulations as the Board may deem necessary for the management of the Properties, which rules and regulations shall become effective and binding after (1) they are adopted by a majority of the Board at a meeting called for that purpose, or by the written consent of such number of Directors attached to a copy of the rules and regulations of the Association, and (2) they are posted in a conspicuous place in the Common Area. Such rules and regulations may concern, without limitation, use of the Common Area; signs; parking restrictions, minimum standards of property maintenance consistent with the Declaration and the procedures of the Architectural Committee; and any other matter within the jurisdiction of the Association as provided in the Declaration; provided, however, that such rules and regulations shall be enforceable only to the extent that they are consistent with the Declaration, the Articles of Incorporation and these By-Laws.

BK 12294PG 114

(m) 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.

(n) 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.

(o) To sell property of the Association, provided, however, that the prior vote or written approval of Members entitled to cast at least two-thirds (2/3rds) of each class 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.

Section 4. Management Agent. On or before the date of the first annual meeting of the Members of the Association, the Board of Directors shall appoint for the Association a professional management agent 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 3 of this Article IV.

Section 5. Election and Term of Office. 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 by a majority of Owners as provided in these By-Laws, and all positions on the Board of Directors shall be filled at that election. In the event that 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 each Director elected at the first annual meeting and 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 one (1) year. The term of office of each Director elected to fill a vacancy created by the resignation, death or removal of his predecessor shall

BK 12294P61115

be the balance of the unserved term of his predecessor. Any person serving as a Director may be re-elected, and there shall be no limitation on the number of terms during which he may serve. Each Member may accumulate his votes for the election and removal of Directors as provided in this Article IV. At any election of the Board, each Member may give one or more candidate for Director a number of votes equal to the share of the voting power as set forth in the Declaration, multiplied by the number of Directors to be elected.

Notwithstanding the foregoing, whenever (1) notice is given for an election of Directors of the Board and (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 resident Owner 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 ballot unless a majority of the Members other than the Declarant determine otherwise. 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 co-equal capacity with all other Directors. The remaining Members on the Board shall be elected through the customary cumulative voting procedure outlined above.

Section 6. Books, Audit. The Board of Directors shall cause to be maintained a full set of books and records showing the financial condition of the affairs of the Association in a manner consistent with generally accepted accounting principles, and at no greater than annual intervals shall obtain an independent certified audit of such books and records. A copy of each such audit shall be delivered to a Member within thirty (30) days after the completion of such audit upon written request from a Member. A balance sheet and an audited operating (income) statement for the Association shall be distributed to each Member (and to any institutional holder of a first Mortgage on a Lot in the Properties, upon request) as follows:

BK 12294PG 1116

(a) An initial balance sheet and an initial operating statement as of an accounting date which shall be the last day of the month closest in time to six (6) months following the date of closing of the first sale of a Lot to a Member, within sixty (60) days of such accounting date;

(b) Thereafter, an annual balance sheet and an annual operating statement as of the last day of the Association's fiscal year, within ninety (90) days of such accounting date.

The operating statement for the first six (6) months accounting period referred to in (a) above shall include a schedule of assessments received or receivable itemized by Lot number and by the name of the person or entity assessed. All books, records and papers of the Association shall be made available for inspection and copying by any Member or his duly appointed representative at the principal office of the Association or at such other place within the Properties as the Board may prescribe. The Board shall establish reasonable rules with respect to (1) notice to be given to the custodian of the records by the Member desiring to make the inspection, (2) hours and days of the week when such an inspection may be made and (3) payment of the cost of reproducing copies of documents requested by a Member. 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 the inspection by a Director shall include the right to make extracts and copies of documents.

Section 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; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Members of the Association, or at a special meeting of the Members called for that purpose. A vacancy or vacancies 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.

Section 8. Removal of Directors. At any regular or special meeting of the Members duly called, any one or more of the Directors may be removed with or without cause by a majority vote of the Members of the Association, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose



BK12294PG1117

removal has been proposed by the Members shall be given an opportunity to be heard at the meeting. If more than one Director is to be removed at any one time, each Member may accumulate his votes and vote for or against such removal of one or more of the Directors in the number of votes equal to his share of the voting power as set forth in the Declaration, multiplied by the number of Directors sought to be removed. Where the entire Board of Directors is not removed at one time, no Director shall be removed if the number of votes cast against his removal exceeds the quotient arrived at when the total number of Lots in the Properties is divided by one (1) plus the authorized number of Directors. If any or all of the Directors are so removed, new Directors may be elected at the same meeting. Notwithstanding the foregoing, any Director who has been elected to office solely by the votes of Members other than Declarant pursuant to Section 5 of this Article IV 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.

Section 9. Organization Meeting of Board. The first regular ("organization") 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 a majority of the whole Board shall be present when the time and place are announced.

Section 10. Regular Meetings of Board. Regular meetings of the Board of Directors shall be open to all Members; provided that Members who are not Directors may not participate in any deliberations or discussions at such regular meetings unless expressly so authorized by a vote of a majority of a quorum of the Board of Directors. Regular meetings may be held at such time and place within the Properties 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 shall be given to each Director, personally or by mail, telephone or telegraph, at least seventy-two (72) hours prior to the date named for such meeting, and shall be posted at a prominent place or places within the Common Area.

BX 12294PG1118

Section 11. Special Meetings of Board. Special meetings of the Board of Directors shall be open to all Members; provided, that Members who are not Directors may not participate in any deliberations or discussions at such special meetings, unless expressly so authorized by a vote of a majority of a quorum of the Board of Directors. Special meetings may be called by the President (or, if he is absent or refuses to act, by the Vice President) or by any two (2) Directors. At least seventy-two (72) hours notice shall be given to each Director, personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and the purpose of the meeting, and shall be posted at a prominent place or places within the Common Area. If served by mail, each such notice shall be sent, postage prepaid, to the address reflected on the records of the Association, and shall be deemed given, if not actually received earlier, at 5:00 o'clock p.m. on the second day after it is deposited in a regular depository of the United States mail as provided herein. Whenever any Director has been absent from any special meeting of the Board, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such meeting was given to such Director, as required by law and as provided herein.

Section 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. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice to the 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 a quorum be present, and if, 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.

Section 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

BK 12294PG 1119

Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The Board may, with the approval of a majority of a quorum of the Directors, 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.

Section 14. Fidelity Bonds. The Board of Directors may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

Section 15. 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.

#### ARTICLE V

#### OFFICERS

Section 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. The office of Secretary and Treasurer may be held by the same Person, but the office of President and Secretary may not be held by the same Person.

Section 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.

BK 12294PG 1119

Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The Board may, with the approval of a majority of a quorum of the Directors, 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.

Section 14. Fidelity Bonds. The Board of Directors may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

Section 15. 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.

#### ARTICLE V

#### OFFICERS

Section 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. The office of Secretary and Treasurer may be held by the same Person, but the office of President and Secretary may not be held by the same Person.

Section 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.

BK 1229461120

Section 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.

Section 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.

Section 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 Article IV, Section 16, 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 By-Laws of the Association.

BK 12294PG 1 121

Section 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 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 By-Laws of the Association.

Section 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 By-Laws or by law to be given. The Secretary shall maintain a record book of Members, listing the names and addresses of the Members as furnished to the Association, and such books shall be changed only at such time as satisfactory evidence of a change in ownership of a Lot is presented to the Secretary. The Secretary shall perform such other duties as may be prescribed by the Board of Directors.

Section 8. Treasurer. The Treasurer 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 By-Laws.

BK12294PG1122

ARTICLE VI

OBLIGATIONS OF MEMBERS

Section 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.

Section 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. As further provided in the Declaration, all plans for alterations and repair of Improvements on the Lots within the Properties must receive the prior written consent of the Architectural Committee. The Architectural Committee shall establish reasonable procedures for the granting of such approval, in accordance with 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 owned by the Association or the Landscape Maintenance Areas or Structural Maintenance Areas, which are damaged through the fault of such Member. Such expenditures shall include all court costs and reasonable attorneys' fees incurred in enforcing any provision of these By-Laws or the Declaration.

ARTICLE VII

AMENDMENTS TO BY-LAWS

No amendment to these By-Laws shall take effect unless approved by at least a majority of a quorum of each class of the Members present, in person or by proxy, at a duly constituted regular or special meeting of the Members; provided that the specified percentage of each class of the Members necessary to amend a specific Section or provision of these By-Laws shall not be less than the percentage of affirmative votes prescribed for action to be taken under that Section or provision; and provided, further, that these By-Laws 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 to a purchaser from Declarant. The prior written

BK 12294PG1123

approval of each institutional holder of a first deed of trust lien of record made in good faith and for value on a Lot in the Properties must be secured before any material amendment to these By-Laws may take effect, which adversely affects the rights of any such institutional holder, and this sentence may not be amended without such prior written approval. The term "institutional holder" as used herein shall mean a Mortgagee which is a bank or savings and loan association or established mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency.

#### ARTICLE VIII

##### MORTGAGEES

Section 1. Notice to Association. A Member who mortgages his Lot shall notify the Association through the Manager, or through the Secretary in the event there is no Manager, the name and address of his Mortgagee; and the Association shall maintain such information in a book entitled "Mortgagees of Lots". Any such Member shall likewise notify the Association as to the release or discharge of any such Mortgage.

Section 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

##### CONFLICTING PROVISIONS

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

#### ARTICLE X

##### INDEMNIFICATION OF DIRECTORS AND OFFICERS

Except to the extent that such liability, damage or injury is covered by insurance proceeds, the Board of Directors may or shall (as appropriate) authorize the Association to pay expenses



BK 12294P61124

incurred by, or to satisfy a judgment or fine rendered or levied against, a present or former Director, officer, committee member, or employee of the Association in an action brought by a third party against such person, whether or not the Association is joined as a party defendant, to impose a liability or penalty on such person for an act alleged to have been committed by such person while a Director, officer, committee member or employee; provided, the Board of Directors determines in good faith that such Director, officer, committee member or employee was acting in good faith within what he reasonably believed to be the scope of his employment or authority and for a purpose which he reasonably believed to be in the best interests of the Association or its Members; and provided, further, that the payment of such expenses is otherwise permitted or required pursuant to the applicable provisions of the California Corporations Code. Notwithstanding the foregoing, in no event shall any employee, officer or director of Declarant, serving in such capacity as an appointee of Declarant, be entitled to such indemnification. Payments authorized hereunder include amounts paid and expenses incurred in settling any such action or threatened action. The provisions of this Section shall apply to the estate, executor, administrator, heirs, legatees, or devisees of a Director, officer, committee member, or employee, and the term "person" where used in this Article X shall include the estate, executor, administrator, heirs, legatees, or devisees of such person.

#### ARTICLE XI

##### MISCELLANEOUS

Section 1. Execution of Documents. The Board of Directors, except as in these By-Laws otherwise provided, 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.

Section 2. Inspection of By-Laws. The Association shall keep in its office for the transaction of business the original or a copy of these By-Laws as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the Members and all first Mortgagees in accordance with Article IV, Section 6(b) hereof.

BK 12294PG 1125

Section 3. 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.

Section 4. Membership Book. The Association shall keep and maintain in its office for the transaction of business a book containing the name and address of each Member. Termination or transfer of ownership of any Lot by a Member shall be recorded in the book, together with the date on which such ownership was transferred, in accordance with the provisions of the Declaration.

## ARTICLE XII

### NOTICE AND HEARING PROCEDURE

Section 1. Suspension of Privileges. In the event of an alleged violation of the Declaration, these By-Laws or the Rules and Regulations of the Association, and after written notice of such alleged failure is given to the Member or to anyone in his Family, or to any tenant of any Member, or to anyone in any tenant's Family ("respondent") alleged to be in default in the manner herein provided, the Board of Directors shall have the right, after affording the respondent an opportunity for an appropriate hearing as hereinafter provided, 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 Special Assessment as provided in the Declaration, or (2) suspend said Member's voting privileges as a Member, as further provided in the Declaration. 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 or the Architectural Committee to enforce the Rules and Regulations of the Association, these By-Laws or the Declaration shall not constitute a waiver of the right to enforce the same thereafter. The remedies set forth above and otherwise provided by these By-Laws shall be cumulative and none shall be exclusive. However, any individual Member must exhaust all available internal remedies of the Association prescribed by these By-Laws, or by the Rules and Regulations of the Association, before that Member may resort to a court of law for relief with respect to any alleged violation of the Declaration, these By-Laws or the Rules and Regulations of the Association by another Member, provided that the foregoing limitation pertaining to exhausting administrative remedies shall not apply

BK 12294PG 1126

to the Board or to any Member where the complaint alleges nonpayment of annual assessments, Special Assessments, Capital Improvement Assessments or Reconstruction Assessments.

Section 2. Written Complaint. A hearing to determine whether a right or privilege of the respondent under the Declaration or these By-Laws should be suspended or conditioned, or whether a Special Assessment should be levied, shall be initiated by the filing of a written Complaint by any Member or by any officer or member of the Board of Directors or the Architectural Committee 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 Declaration, these By-Laws or the Rules and Regulations of the Association which the respondent is alleged to have violated. A copy of the Complaint shall be delivered to the respondent in accordance with the notice procedures set forth in the Declaration, together with a statement which shall be substantially in the following form:

"Unless a written request for a hearing signed by or on behalf of the person named as respondent in the accompanying Complaint is delivered or mailed to the Board of Directors within fifteen (15) days after the Complaint was delivered or mailed to you, the Board of Directors may proceed upon the Complaint without a hearing, and you will have thus waived your right to a hearing. The request for a hearing may be made by delivering or mailing the enclosed form entitled 'Notice of Defense' to the Board of Directors at the following address: \_\_\_\_\_

You may, but need not, be represented by counsel at any or all stages of these proceedings.  
If you desire the names and addresses of witnesses or an opportunity to inspect any relevant writings or items on file in connection with this matter in the possession, custody or control of the Board of Directors, you may contact \_\_\_\_\_."

The respondent shall be entitled to a hearing on the merits of the matter if the Notice of Defense is timely filed with the Board of Directors. The respondent may file a separate statement by way of mitigation, even if he does not file a Notice of Defense.

BK 12294PG 1127

Section 3. Forum. The President shall appoint a Hearing Committee ("Forum") of three (3) persons upon receipt of a written Complaint as provided in Section 2 of this Article. In appointing the members of the Forum, the President should make a good faith effort to avoid appointing next-door neighbors of the respondent or any Members of the Association who are witnesses to the alleged violation giving rise to the Complaint. The decision of the President shall be final, except that the respondent may challenge any Member of the Forum for cause, where a fair and impartial hearing cannot be afforded, at any time prior to the taking of evidence at the hearing. In the event of such a challenge, the Board of Directors shall meet to determine the sufficiency of the challenge, without the President voting. If such a challenge is sustained, the President shall appoint another Member of the Association to replace the challenged member of the Forum. All decisions of the Board of Directors in this regard shall be final. The Forum shall elect a Chairman and appoint a hearing officer who shall present evidence and ensure that a proper record of all proceedings is maintained.

Section 4. Notice of Hearing. The Forum shall serve a notice of hearing, as provided herein, on all parties at least ten (10) days prior to the hearing, if such hearing is requested by the respondent. The hearing shall be held no sooner than thirty (30) days after the Complaint is mailed or delivered to the respondent as provided in Section 2 of this Article XII. The notice to the respondent shall be substantially in the following form but may include other information:

"You are hereby notified that a hearing will be held before a Forum appointed by the President of the Beach Terrace Community Association, Inc. at \_\_\_\_\_

on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_,  
at the hour of \_\_\_\_\_, upon the charges made in the Complaint served upon you. You may be present at the hearing, may but need not be represented by counsel, may present any relevant evidence, and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to request the attendance of witnesses and the production of books, documents or other items by applying to the Board of Directors of the Association."

BK 12294PG 1128

Section 5. Hearing.

(a) Whenever the Forum has commenced to hear the matter and a member of the Forum is forced to withdraw prior to a final determination by the Forum, the remaining members shall continue to hear the case and the hearing officer shall replace the withdrawing member. Oral evidence shall be taken only on oath or affirmation administered by an officer of the Association. The use of affidavits and written interrogatories in lieu of oral testimony shall be encouraged by the Forum.

(b) Each party shall have these rights: to call and examine witnesses; to introduce exhibits; to cross-examine witnesses on any matter relevant to the issues; to impeach any witness; and to rebut the evidence against him. If respondent does not testify in his own behalf he may be called and examined as if under cross-examination.

(c) The hearing need not be conducted according to technical rules relating to evidence and witnesses. Any relevant evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil actions. Hearsay evidence may be used for the purpose of supplementing or explaining other evidence but shall not be sufficient in itself to support a finding, unless it would be admissible over objection in civil actions. The rules of privilege shall be effective to the extent that they are otherwise required by statute to be recognized at the hearing, and irrelevant and unduly repetitious evidence shall be excluded.

(d) Neither the accusing Member nor the allegedly defaulting Member must be in attendance at the hearing. The hearing shall be open to attendance by all Members of the Association, to the extent of the permissible capacity of the hearing room. In rendering a decision, official notice may be taken at any time of any generally accepted matter within the Declaration, these By-Laws, the Rules and Regulations of the Association, or the workings of the Association. Parties present at the hearing shall be informed of the matters to be noticed by the Forum, and these matters shall be made a part of the record of proceedings. The Forum may grant continuances on a showing of good cause.

Section 6. Decision. If the respondent fails to file a Notice of Defense as provided in Section 2 of this Article XII, or fails to appear at a hearing, the Forum may take action based

EX 12294PG 1129

upon the evidence presented to it without further notice to the respondent. However, the respondent may make any showing by way of mitigation. The Forum will prepare written findings of fact and recommendations for consideration by the Board of Directors. The Forum shall make its determinations only in accordance with these By-Laws. After all testimony and documentary evidence has been presented to the Forum, the Forum shall vote by secret written ballot upon the matter, with a majority of the entire Forum controlling. A copy of the findings and recommendations of the Forum shall be posted by the Board of Directors at a conspicuous place on the Common Area, and a copy shall be served by the President on each party in the matter and his attorney, if any. Disciplinary action and levy of a Special Assessment under the Declaration, these By-Laws or the Rules and Regulations of the Association and shall be imposed only by the Board of Directors and in accordance with the findings and recommendations of the Forum. The Board of Directors may adopt the recommendations of the Forum in their entirety, or the Board may reduce the proposed penalty and adopt the balance of the recommendations. In no event shall the Board of Directors impose more stringent disciplinary action than recommended by the Forum. The decision of the Board shall be in writing and shall be served and posted in the same manner as the findings and recommendations of the Forum. The decision of the Board shall become effective ten (10) days after it is served upon the respondent, unless otherwise ordered in writing by the Board of Directors. The Board may order a reconsideration at any time within fifteen (15) days following service of its decision on the parties, on its own motion or on petition by any party.

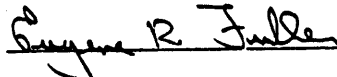
BK 12294PG 1130

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that:

1. I am the duly elected and acting Secretary of BEACH TERRACE COMMUNITY ASSOCIATION, INC., a California corporation; and

2. The foregoing By-Laws comprising 25 pages including this page constitute the By-Laws of the corporation duly adopted at the meeting of the Board of Directors thereof duly held on July 14, 1977.

  
Secretary

(SEAL)

BK 12294PG 1131

EXHIBIT "D"

DESCRIPTION OF LANDSCAPE  
MAINTENANCE AREAS

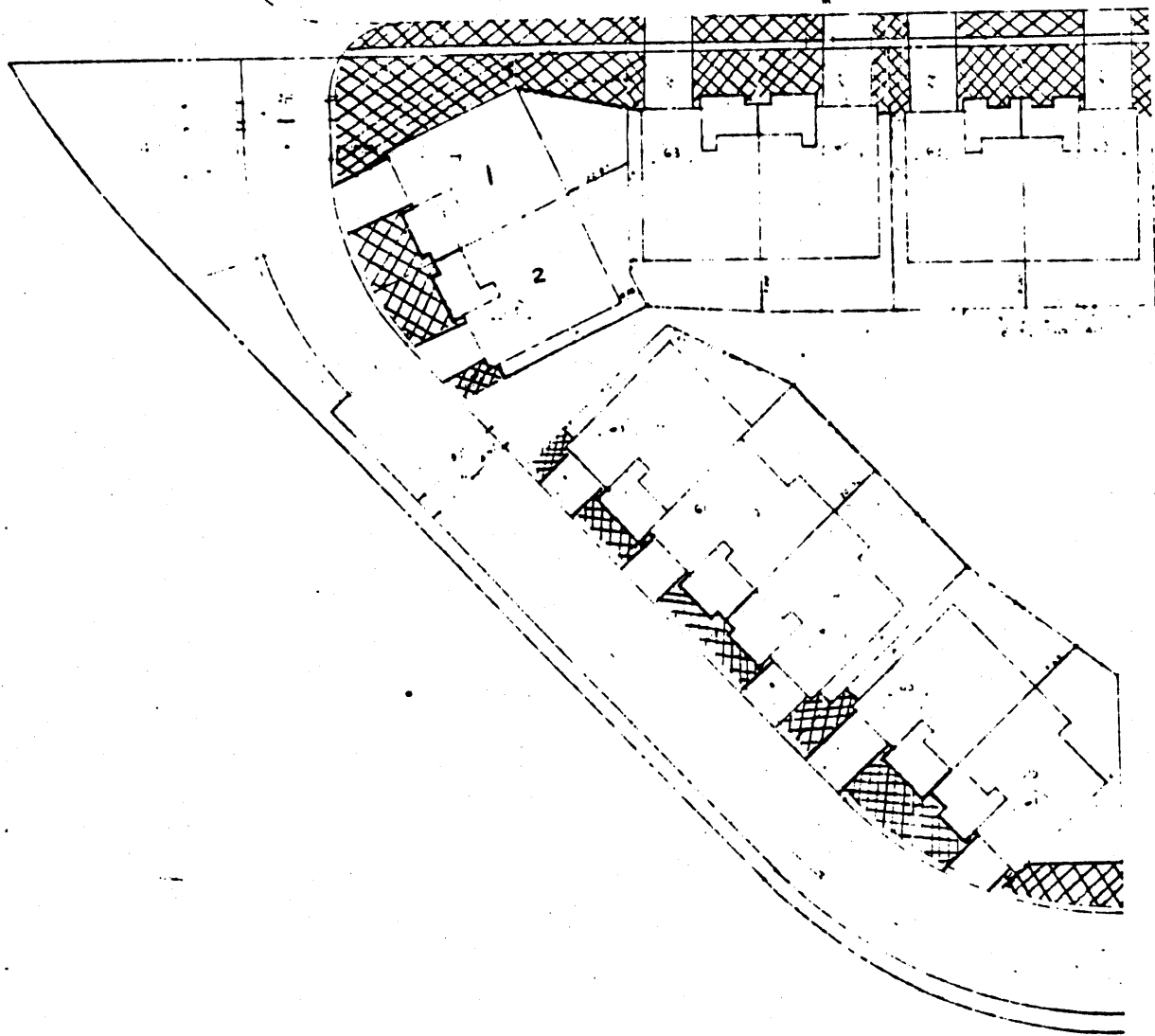
SEE ATTACHED PLOT PLAN

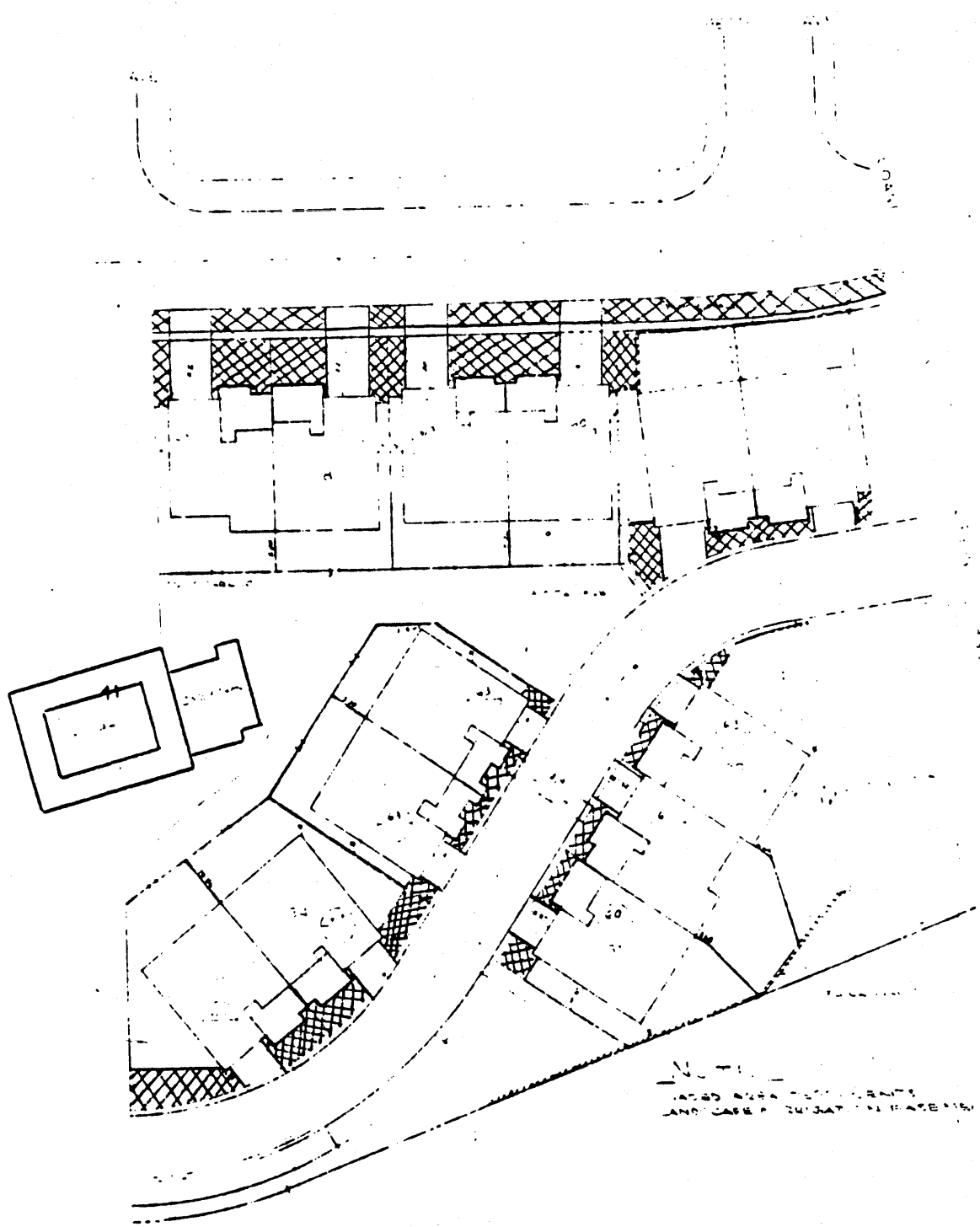


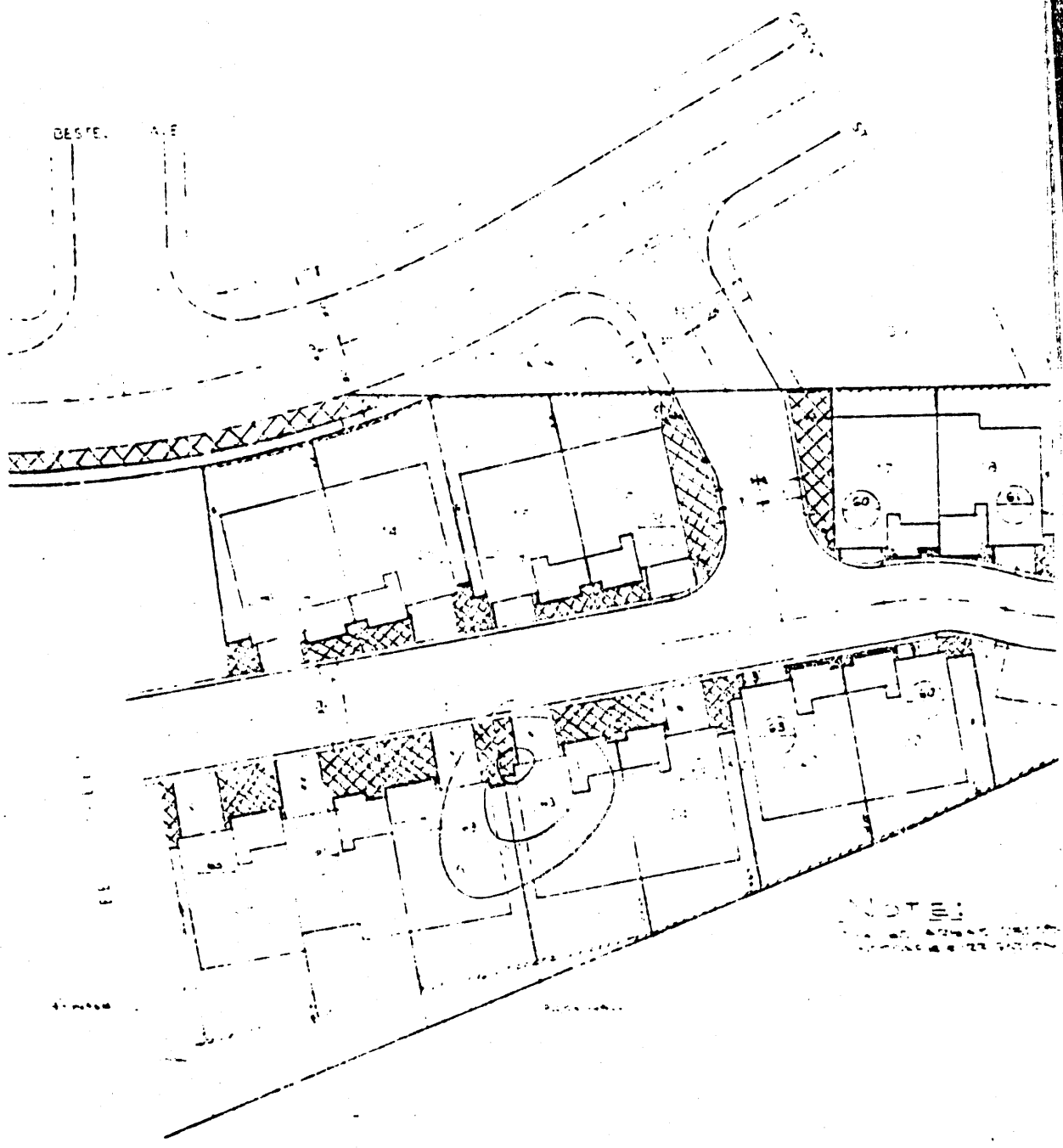
TENTRA

Area

MORNING



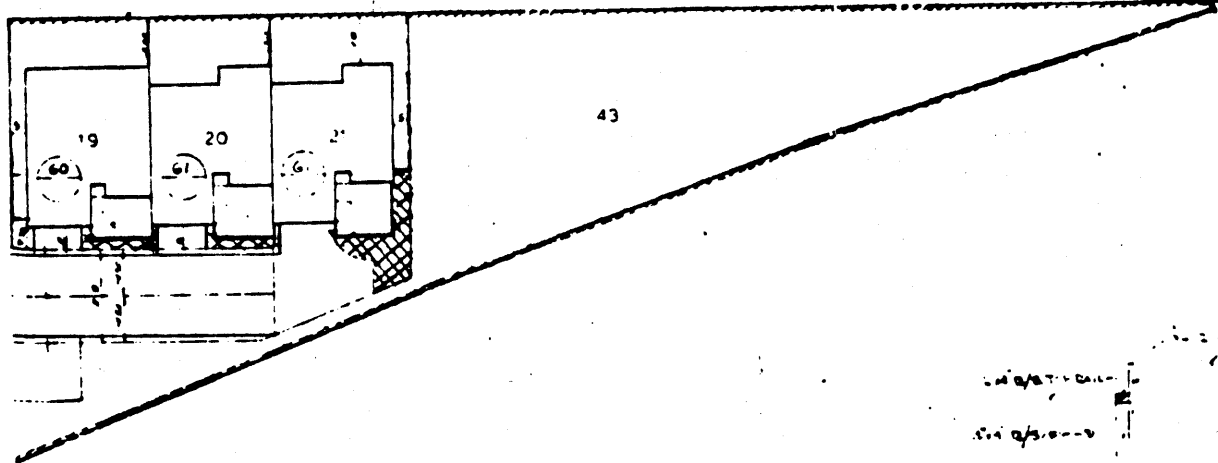




NOTE:  
 ALL AREAS WITH  
 HATCHING ARE TO BE  
 CONSIDERED AS DESIGN

NOTE:  
 THIS PLAN IS FOR THE  
 CONSTRUCTION OF THE FRONT YARD  
 AND DRIVE AREA  
 AREA INSIDE OF FENCE NOT INCLUDED

BACK WALL



RIGHT  
FACEMENT

FOR CONSTRUCTION  
TO BE DONE (SEE PLAN)

TR. SIDE & REAR YARD FENCE