

EXHIBIT "B"

Lots 12 to 21 inclusive and that portion of Lot 22 lying North of a line that is parallel with, distant 7.00 feet at right angles Southerly from the North line of said Lot 22 all in Block 1 of Nicholson's Addition, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 952, filed in the Office of the County Recorder of San Diego County, June 21, 1905.

Also that portion of the Westerly 20.00 feet of Coast Boulevard South lying Easterly of and adjoining said Lots as vacated and closed to public use August 22, 1916, by Resolution No. 21794 of the City Council of the City of San Diego, lying between a line drawn Easterly at right angles to the West line of said Boulevard from the Northeast corner of said Lot 12 and a line drawn Easterly at right angles to the West line of said Boulevard from the Southeast corner of the Northerly 7.00 feet of said Lot 22.

Excepting from said Lots 20, 21 and 22 and from the vacated portion of Coast Boulevard South all the following described property conveyed by Mary A. Richmond, to Lucy Burrige Hooley, by deed dated September 17, 1923 and recorded in Book 962 Page 388 of Deeds, described as follows:

Beginning at the Southeasterly corner of said Lot 21 of said Block 1 of said Nicholson's Addition; thence Westerly along the Southerly line of said Lot 21, a distance of 70.40 feet; thence Northerly at right angles, 38.00 feet to a point; thence Easterly at right angles 40.00 feet more or less to the Westerly edge of Coast Boulevard South as per Map Hereinabove referred to; thence Southeasterly along the Westerly edge of said Coast Boulevard South to the point of beginning.

Also beginning at the Northwesterly corner of said Lot 22, thence Westerly 70.40 feet along the Northerly line of said Lot 22, thence Southerly at right angles 7.00 feet; thence Easterly at right angles 74.00 feet more or less to the Westerly line of Coast Boulevard South; thence Northerly along said Westerly line of Coast Boulevard South to the point of beginning.

Also that portion of Coast Boulevard South, closed to public use by Resolution of the City Council of the City of San Diego, adjacent to and within the sidelines of the above described property if projected Easterly.

Also excepting from all of the above described land those portion lying Westerly of that certain line as set out in that certain decree quieting title issued out of Superior Court Case No. 206014, a certified copy of which decree was recorded June 19, 1956 as File No. 84956, of Official Records and said line being more particularly described as follows:

Beginning at the intersection of the Easterly prolongation of the Southerly line of the Northerly 7.00 feet of Lot 22 in Block 1 of Nicholson's Addition, according to Map thereof No. 952, filed in the Office of the County Recorder of San Diego County, with the

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Westerly line of Coast Boulevard, as closed by resolution No. 21794 adopted by the Common Council of the City of San Diego, on August 22, 1916 said intersection being marked by a 1 inch pipe and disc-re 32- as shown on Road Survey No. 1780, filed in the Office of the County Recorder of San Diego County; thence South $74^{\circ}44'50''$ West along said prolongation and said Southerly line, 174.23 feet to the True Point of Beginning; thence North $36^{\circ}49'51''$ West, 67.67 feet; thence North $39^{\circ}28'35''$ West, 22.92 feet; thence North $17^{\circ}22'53''$ West, 22.61 feet; thence North $04^{\circ}47'34''$ West, 18.21 feet; thence North $12^{\circ}58'37''$ East, 28.10 feet; thence North $12^{\circ}38'31''$ West, 69.68 feet; thence North $18^{\circ}31'50''$ East, 29.91 feet; thence North $36^{\circ}05'40''$ East, 21.23 feet to the Northerly line of Lot 12, Block 1 of Nicholson's Addition.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

No. 5907

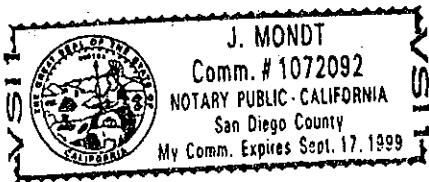
State of CALIFORNIA

County of SAN DIEGO

On 4-10-96 before me, J. MONDT
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared D. STRICKLIN
NAME(S) OF SIGNER(S)

personally known to me - OR - proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) (s) are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

J. Mondt
SIGNATURE OF NOTARY

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

INDIVIDUAL
 CORPORATE OFFICER

TITLE(S)

PARTNER(S) LIMITED
 ATTORNEY-IN-FACT GENERAL
 TRUSTEE(S)
 GUARDIAN/CONSERVATOR
 OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

TITLE OR TYPE OF DOCUMENT

NUMBER OF PAGES

DATE OF DOCUMENT

SIGNER(S) OTHER THAN NAMED ABOVE

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(ES)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

No. 5907

State of CA

County of SAN DIEGO

On 4-30-96 before me, B.L. Zenz, Notary Public

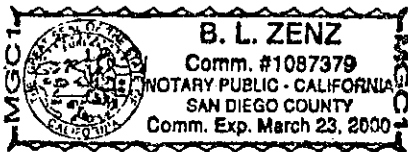
DATE

NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared Kenneth Albert Sherleane

NAME(S) OF SIGNER(S)

personally known to me - OR - proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

[Handwritten Signature]

SIGNATURE OF NOTARY

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER

TITLE(S)

- PARTNER(S) LIMITED
- GENERAL

- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: Director

DESCRIPTION OF ATTACHED DOCUMENT

[Handwritten Signature]

TITLE OR TYPE OF DOCUMENT

NUMBER OF PAGES

DATE OF DOCUMENT

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

SIGNER(S) OTHER THAN NAMED ABOVE

BY-LAWS OF 220-240 ASSOCIATION
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BY-LAWS

OF

220-240 ASSOCIATION

ARTICLE I

SUBJECT REAL PROPERTY

The real property subject to these By-Laws is sometimes hereinafter referred to as the "Real Property" and is more particularly defined as that certain real property located in the County of San Diego, State of California, together with improvements thereupon, described as follows:

LOTS 12 to 17, inclusive, in Block 1 of Nicholson's Addition, according to Map thereof No. 952, filed in the office of the County Recorder of San Diego County, June 21, 1905. Also all that portion of the Westerly 20 feet of Coast Boulevard South, Adjoining said Lots 12 to 17, inclusive, on the Easterly sides thereof, lying between a line drawn Easterly at right angles to the West line of said Boulevard from the Northeast corner of said Lot 12 and a line drawn Easterly at right angles to the West line of said Boulevard from the Southeast corner of said Lot 17 as closed to public use.

EXCEPTING THEREFROM that portion, if any heretofore, or now lying below the mean high tide line of the Pacific Ocean.

AND Lots 18, 19, 20, 21, and that portion of Lot 22 lying North of a line that is parallel with and distant 7 feet at right angles Southerly from the North line of said Lot 22, all in Block 1 of Nicholson's Addition, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 952, filed in the office of the County Recorder, San Diego County, June 21, 1905.

ALSO that portion of the Southwesterly 20 feet of Coast Boulevard South lying Northeasterly of and adjoining said Lots, as vacated and closed to public use August 22, 1916, by Resolution No. 21794 of the City Council of the City of San Diego.

EXCEPTING therefrom any portion thereof now or heretofore lying below the Mean High Tide of the Pacific Ocean.

ALSO EXCEPTING from said Lots 20, 21, and 22 and from the vacated portion of Coast Boulevard South all the following described property conveyed by Mary A. Richmond to Lucy Burridge Hooley by deed dated September 17, 1923, and recorded in Book 962, Page 388 of Deeds, described as follows:

Beginning at the Southeasterly corner of said Lot 21 of said Block 1 of said Nicholson's Addition, thence Westerly along the Southerly line of said Lot 21 a distance of 70.4 feet; thence Northerly at right angles 38 feet to a point; thence Easterly at right angles 50 feet, more or less, to the Westerly edge of Coast Boulevard South, as per Map hereinabove referred to; thence Southeasterly along the Westerly edge of said Coast Boulevard South to the point of beginning.

ALSO beginning at the Northeasterly corner of said Lot 22, thence Westerly 70.4 feet along the Northerly line of said Lot 22; thence Southerly at right angles 7 feet; thence Easterly at right angles 74 feet more or less to the Westerly line of Coast Boulevard South; thence Northerly along said Westerly line of Coast Boulevard South to the point of beginning.

ALSO that portion of Coast Boulevard South closed to public use by Resolution of the City Council of the City of San Diego, adjacent to and within the side lines of the above described property if projected Easterly.

ARTICLE II

DEFINITIONS

Unless the context clearly indicates a different meaning therefor, the following words, phrases or terms as hereinafter used in these By-Laws (regardless of the tense or person in which the same may be used) shall be deemed to mean and shall be defined as hereinafter in this Article II set forth:

2.01 "Association" is defined as the 220-240 Association, a California nonprofit mutual benefit corporation, whose members shall be all of the persons who shall be owners of any interest as tenants in common of the Real Property described in ARTICLE I.

2.02 "Board of Directors" or "Board" is defined as the governing board of the Association elected by the Members thereof and having such term and possessing such powers as are defined in these By-Laws.

2.03 "Community Facilities" is defined as all facilities serving more than one Individual Residence or more than one Owner and including drives, roofs, walks, beach areas, parking areas, sewers, electrical, water, gas, television and telephone services and fixtures, storage or equipment areas or enclosures, open spaces, planted and landscaped areas, interior hallways, sprinkling systems, and patios and recreational areas.

2.04 "Community Sites" is defined as those portions of the Real Property upon which Community Facilities have been or will be erected and excluding Individual Residences.

2.05 "Individual Facilities" is defined as any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, patios, exterior doors, door frames, and hardware incident thereto, exterior windows, window frames, screens, and hardware incident thereto, internal and external telephone wiring, cable T.V. wiring, plumbing pipes and fixtures, electrical wiring and fixtures, or other equipment or fixtures designed to serve only one Individual Residence.

2.06 "Individual Residence" is defined as living facilities for a single family containing living quarters, kitchen and bath facilities, and being part of a Residence Building, and being bound on one or more sides by a Party Wall and conveyed to an Owner as the Owner's exclusively to occupy incident to the conveyance to the Owner of an undivided interest in the whole of the Real Property.

2.07 "Owner" or "Member" is defined as each person who shall own any interest in a tenancy in common in the Real Property, and the successive successors, assigns, heirs, devisees and personal representatives of said person.

2.08 "Party Wall" is defined as a wall (including ceilings and floors) erected upon the boundary line of an Individual Residence, the center line of which being such boundary line, and being the wall separating two Individual Residences one from the other: or a wall erected upon the boundary line of a Individual Residence, being the end wall of a Residence Building.

2.09 "Residence Building" is defined as either one of the two major community apartment house structures presently located upon the Real Property.

2.10 "Transfer" is defined as a transfer of any kind or nature of any right, title or interest in the Real Property or in an Individual Residence or any part or portion thereof or interest

therein or improvement thereon or appurtenant thereto, including a transfer by deed of trust or mortgage, and also including, but not limited to, a sale, assignment, gift, lease or sublease.

2.11 "Utility" is defined as electricity, gas, water, telephone, television, trash pick-up and like services, whether or not provided or supplied by a public utility company.

2.12 "County" is defined as the County of San Diego, California.

2.13 "Jurisdiction" is defined as all of the rights, duties, obligations and authority of this Association in connection with the Real Property and the improvements thereon now or hereafter made part of these By-Laws.

ARTICLE III

THE ASSOCIATION

3.01 The Association, is a California nonprofit mutual benefit corporation existing under the laws of the State of California, and shall be known as the 220-240 Association. The Association shall be charged with the duties and invested with the powers prescribed by law and as set forth in these By-Laws.

3.02 Every Owner, upon becoming an Owner, shall automatically become a Member of the Association. Ownership of an Individual Residence is the sole qualification for membership. Each Member shall have the rights, duties, privileges, and obligations set forth in these By-Laws. Membership shall automatically cease when the Owner no longer holds an ownership interest in an Individual Residence. All memberships shall be appurtenant to the Individual Residence conveyed, and cannot be transferred, assigned, conveyed, hypothecated, pledged, or alienated except as part of a transfer of the Owner's entire ownership interest, and then only to the transferee. The Association shall have only one class of membership.

3.03 All voting rights of the Owners shall be subject to the following restrictions, limitations, and requirements:

(a) Except as provided in this Article, on each matter submitted to a vote of the Owners, each Owner shall be entitled to cast one vote for each Individual Residence owned.

(b) Fractional votes shall not be allowed. Where there is more than one record Owner of an Individual Residence ("co-owners"), all of the co-owners shall be Members, but only one of them shall be entitled to cast the single vote attributable to the Individual Residence. Co-owners should designate in writing one of their number to vote. If no such designation is made or if it is revoked, the co-owners shall decide among themselves, by majority vote, how that

Individual Residence's vote is to be cast. Unless the Board of Directors receives a written objection in advance from a co-owner, it shall be conclusively presumed that the voting co-owner is acting with the consent of his or her co-owners. No vote shall be cast for the Individual Residence on a particular matter if a majority of the co-owners present in person or by proxy cannot agree on a vote.

(c) The Board of Directors shall fix, in advance, a record date or dates for the purpose of determining the Owners entitled to notice of, and to vote at, any meeting of Owners. The record date for notice of a meeting shall not be more than 90 nor less than 10 days before the date of the meeting. The record date for voting shall not be more than 60 days before the date of the meeting or before the date on which the first written ballot is mailed or solicited. The Board of Directors may also fix, in advance, a record date for the purpose of determining the Owners entitled to exercise any rights in connection with any other action. Any such date shall not be more than 60 days prior to the action.

3.04 The Association shall have all the powers of a non profit mutual benefit corporation organized under the laws of California, subject to any limitations set forth in these ByLaws. It may perform all acts that may be necessary for or incidental to the performance of these obligations and duties imposed upon it by these By-Laws. Its powers shall include, but are not limited to, the following:

(a) The Association shall have the power to establish, fix, levy, collect, and enforce the payment of assessments against the Owners in accordance with the procedures set out in Article X of these By-Laws.

(b) The Association shall have the power to adopt reasonable Rules and Regulations governing the use of the Community Site and the Community Facilities, and of any other Association property. These Rules and Regulations may include, but are not limited to: reasonable restrictions on use by the Owners and their families, guests, employees, tenants, and invitees and rules of conduct. A copy of the current Rules and Regulations, if any, shall be given to each Owner and shall be posted at conspicuous places in the Community Site. If any provision of the Rules and Regulations conflicts with any provision of these By-Laws, the By-Laws shall control to the extent of the inconsistency.

(c) The Association shall have the right to institute, defend, settle, or intervene in litigation, arbitration, mediation, or administrative proceedings in its own name as the real party in interest and without joining with it the Owners, in matters pertaining to the following:

- (1) Enforcement of the By-Laws and Rules and Regulations.

- (2) Damage to the Community Site.
- (3) Damage to the Real Property that the Association is obligated to maintain or repair.
- (4) Damage that arises out of, or is integrally related to, damage to the Community Site that the Association is obligated to maintain or repair.

The Association may enforce payment of assessments in accordance with the provisions of Article X of these By-Laws.

(d) In addition to the general power of enforcement described above, the Association may discipline its Owners for violation of any of the provisions of the By-Laws or Rules and Regulations by suspending the violator's voting rights and privileges for use of the Community Site, including the garage area, or by imposing monetary penalties, subject to the following limitations:

- (1) The accused Owner shall be given notice and an opportunity to be heard with respect to the alleged violation in accordance with the provisions of Section 7341 of the California Corporations Code.
- (2) Any suspension of an Owner's Association privileges shall not exceed 30 days for each violation.
- (3) Any monetary penalty shall not exceed \$100.00 for each violation. Any monetary penalty for a violation of a continuing nature shall not exceed \$100 per day.
- (4) Except as provided in Article X of these By-Laws, relating to foreclosure for failure to pay assessments, or as a result of the judgment of a court or a decision arising out of arbitration, the Association shall in no way abridge the right of any Owner to the full use and enjoyment of his or her Individual Residence.

(e) The Association, acting through the Board of Directors, shall have the power to delegate its authority, duties, and responsibilities to its officers, employees, committees, or agents, including a professional management agent. The term of any agreement with a manager for the furnishing of maintenance, repair, and related services shall not exceed one year, renewable by agreement of the parties for successive one-year periods. Such an agreement shall be terminable by either party (1) for cause on 30 days' written notice, and (2) without cause or the payment of a termination fee on 90 days' written notice.

(f) The Association's agents or employees shall have the right to enter any Individual Residence when necessary in connection with any maintenance, landscaping, or construction work for which the Association is responsible. This entry shall be made only upon notice to the Owner or occupant (except in the case of an emergency) and with as little inconvenience to the Owner or occupant as is practicable, and the Association shall repair any resulting damage at its own expense.

3.05 In addition to the duties delegated to the Association or its agents and employees elsewhere in these By-Laws, the Association shall be responsible for the following:

(a) The Association shall maintain the Community Facilities, the landscape setbacks, the exteriors (including roofs) (excluding Individual Facilities) and the foundation of the Residence Buildings, and shall engage and pay for all labor and materials as may be reasonably necessary for such maintenance. If infestation is present, the Association shall have the right to cause the temporary, summary removal of any occupant of the affected Individual Residence while the Association has the infestation treated. The temporary relocation must be preceded by notice provided by the Association pursuant to Civil Code Section 1364. The Association shall have the exclusive right and duty to acquire and maintain any furnishings and equipment for the Community Site that it determines are necessary and proper. As a general rule, maintenance costs shall be included in the regular assessments. However, if additional work is required for a particular Individual Residence, the expenses of that additional work shall be charged solely to the Owner of the Individual Residence in the month in which the work is performed.

(b) The Association shall establish such committees as may be provided for in its By-Laws, shall engage a manager, secretaries, engineers, auditors, legal counsel and other employees or consultants as may be reasonably necessary for the discharge of its duties hereunder. The expenses of committees, the salaries of a manager and other employees, and the fees of consultants shall be established and paid for by the Association. The Association shall pay all other expenses necessary or incidental to the conduct or carrying on of its business.

(c) The Association shall have the duty to enforce each and every of the provisions of these By-Laws, including the duty to commence and maintain an action to enjoin any breach or threatened breach of any of the provisions hereof, and to pay all costs of any such action or other enforcement procedure.

(d) The Association shall have the authority and the duty to pay all taxes and public assessments levied against its interest (if any) in the Real Property. With respect to taxes and public assessments levied against the individual interest or each Owner of

the Real Property, the Association shall have the right, at its option, to pay any such taxes and assessments if they become delinquent and any sums so paid and reasonable expenses in connection therewith shall be added to the assessment against such individual interest made pursuant to Article X. The assessments provided in Article X to be collected by the Association from each Owner shall be so established and determined as to include a sum from each Owner sufficient to allow the Association to discharge, promptly when due, all taxes and public assessments levied upon the interest of the Association (if any) in the Real Property.

(e) The Association shall have the authority and duty to pay the water charges, refuse collection charges and other charges for utilities required for the common benefit of all Owners.

(f) The Association shall provide any Owner with the following documents within 10 days of the mailing or delivery of a written request therefor:

- (1) A copy of the By-Laws and/or Rules and Regulations.
- (2) A copy of the most recent financial statement distributed pursuant to these By-Laws.
- (3) A written statement from an authorized representative of the Association specifying (i) the amount of any assessments levied on the Owner's Individual Residence that are unpaid on the date of the statement; and (ii) the amount of late charges, interest, and costs of collection that, as of the date of the statement, are or may be made a lien on the Owner's Individual Residence pursuant to these By-Laws.

The Association may charge the Owner a reasonable fee to cover its cost to prepare and reproduce the above items.

3.06 The affairs of the Association shall be managed and its duties and obligations performed by an elected Board of Directors whose election, term of office, duties and responsibilities are provided below.

ARTICLE IV

VOTING RIGHTS AND MEMBERS' MEETINGS

4.01 The voting rights of this Association shall be vested in the Members thereof. Each Member shall be entitled to as many votes as the number of Individual Residences (embraced within the Real Property subject to the jurisdiction of this Association) of

which such Member is shown by an instrument duly acknowledged and recorded in the office of the County Recorder of San Diego County, California, to be the Owner of an interest, provided, however, that only one vote shall be allowed for each such Individual Residence notwithstanding that such interest in any such Individual Residence may be owned by a Member jointly or in common with others.

4.02 Proxies shall be dated prior to the meeting in order to be accepted as valid at any meeting and shall be valid until the time of expiration set forth therein, or, if no time of expiration is set forth, shall be valid for the maximum time provided for by law. All proxies shall be in writing, signed by the Member or by his duly authorized attorney, identify the person who is authorized to exercise the proxy, and delivered by the proxy holder to the president of the Association prior to the meeting.

4.03 Annual meetings of the Members shall be held each year, with time, date and place to be determined by Board of Directors for the purpose of electing directors and for the transaction of such other business as may properly be brought before the meeting.

4.04 It shall be the duty of the Board of Directors to cause written notice of each annual meeting, stating the place, day and hour thereof, to be mailed, or otherwise sent or delivered, not less than ten (10) days nor more than thirty (30) days next preceding the date of such meeting, to each Member of record entitled to vote.

4.05 The notice shall state (1) in the case of an annual meeting, those matters which the Board of Directors, at the time the notice is given, intends to present for action by the Members, or (2) in the case of a special meeting, the general nature of the business to be transacted, and no other business may be transacted.

4.06 Special meetings of the Members for any purpose or purposes whatsoever may be held at any time whenever called by the president, or by the Board of Directors, or by Members with at least twenty-five percent of the voting power of this Association. Every such call shall be in writing and shall state the purpose or purposes of the meeting. It shall be the duty of the president and/or the Board of Directors to cause written notice of each special meeting of Members to state the place, day and hour thereof.

4.07 Written notice of each annual meeting or special meeting of Members shall be mailed, or otherwise sent or delivered, by the president and/or Board of Directors or other person authorized or required to give such notice, not less than ten (10) days nor more than thirty (30) days next preceding the date of such meeting, to each Member of record entitled to vote.

4.08 Annual meetings and special meetings of the Members shall be held at such places as the Board of Directors may designate in the immediate vicinity of the Real Property subject to the jurisdiction of this Association or some convenient place within a distance of not more than fifteen (15) miles from said principal office of the Association as a place at which any annual or special meeting of the Members may be held. The Board of Directors may fix the date and place of any such special meeting by resolution, which time and place shall be stated in the notice. In the absence of any designation of another place by the Board of Directors special meetings shall be held at the principal office.

4.09 Members representing a majority of the voting power of this Association, present in person, or by proxy, shall be requisite to and shall constitute a quorum at all meetings of the Members for the transaction of business, except as otherwise provided by law. If, however, Members representing said majority of voting power shall not be present or represented at any duly called or annual meeting of such Members, the holders of a majority of the voting power present in person, or by proxy, shall have the power to adjourn the meeting from time to time, until Members representing the requisite voting power are present, and such adjournment and the reasons therefor shall be recorded in the minutes of the proceedings. Notice of each such adjourned meeting shall be given in like manner as provided in this Article IV for special meetings except that the time thereof may be foreshortened from ten (10) to three (3) days. Members representing a majority of the voting power present, in person or by proxy, shall have the power of adjournment even though a quorum be present. The 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 from the meeting of voting power to leave less than a quorum.

4.10 Any action that may be taken at any meeting of the Members, except the election of Directors, may be taken by written ballot if the following requirements are satisfied:

(a) The Association distributes a written ballot to each Member entitled to vote on the matter. The ballot shall be given personally, or by first class, registered, or certified mail addressed to the Member at the address of such Member appearing on the books of the Association or given by the Member to the Association for purpose of notice. The ballot shall provide a reasonable time within which to be returned.

(b) Each ballot shall set forth: (i) the proposed action, (ii) an opportunity to specify approval or disapproval of any proposal, (iii) the time by which the ballot must be received by the Association in order to be counted, (iv) the number of responses needed to meet the quorum requirement, and (v) the percentage of approvals necessary to approve the proposed action.

(c) The proposed action shall be considered approved by written ballot if (i) within the time period specified the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and (ii) the number of approvals equals or exceeds the number of votes that would be required for approval at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

(d) A written ballot may not be revoked.

4.11 It shall be the duty of each Member to keep the Association advised as to the Member's correct address and telephone number from time to time, and the telephone number of the Member's tenant or other occupant, if applicable.

ARTICLE V

THE BOARD OF Directors

5.01 The power of the Association shall be exercised by or upon the authority of, and all of the affairs of the Association shall be controlled by, the Board of Directors, subject, however, to the rights of Members provided for herein, and subject also to all of the restrictions, provisions, and limitations of these ByLaws.

5.02 The Board of Directors shall consist of five (5) Directors who shall be the five (5) natural persons signing these By-Laws who are, as of the date stated herein, the incumbent Board. The number of Directors shall remain at five (5) until changed by an amendment of these By-Laws; provided, however, that the authorized number of Directors shall in no event be less than three (3).

5.03 The Directors may be elected (and appointed as provided for in this Article V) at each annual meeting of the Members, or Directors may be elected (and appointed as provided for in this Article V) at a special meeting of Members called for that purpose, and each Director shall be elected (or appointed, as the case may be) to serve until the next annual meeting and until a successor Director has been elected (or appointed) and qualified.

5.04 Subject to the provisions of this Article V any and all meetings of the Board of Directors may be held at the principal office of the Association or at such convenient place as may be designated elsewhere within the State of California by a resolution of the Board of Directors adopted at any regular or special meeting. If the resolution of the Board designating a meeting so provides, any meeting may be held at either the principal office or elsewhere, as determined by the call and notice for the particular meeting. All meetings shall be held at the place designated in the call or in the absence of such designation, at the principal office.

5.05 At any annual meeting of the Association, the Members may provide for the election of Directors for unequal terms whereby a Director may be elected for a term of longer than one (1) year. In no event, however, shall any Director be elected for a term longer than three (3) years.

5.06 All vacancies on the Board of Directors, including vacancies caused by decrease in the number of the Board by death or removal of a Director, may be filled by a majority vote of the remaining Directors, though less than a quorum, or by a sole remaining Director. Each Director so appointed shall hold office thenceforth for the remainder of the unexpired term so filled and until the election of his successor.

5.07 Immediately after the annual meeting of the Members and immediately after any meeting of Members at which a Director shall have been elected (as provided for in this Article V), the Directors shall meet without notice for the election of officers and the transaction of any other business. Pending such meeting all officers shall hold over.

5.08 Regular meetings of the Board of Directors shall be held at such date and time as the Board may fix by resolution from time to time. No notice of any regular meeting of the Board of Directors need be given.

5.09 Special meetings of the Board of Directors shall be held whenever called by the president, vice president, or by any three (3) Members of the Board of Directors.

5.10 Notice of the time and place of each special meeting of the Board of Directors may be given personally by word of mouth or mailed or telegraphed to each Director at least two (2) days prior to the date of the meeting. No notice of the objects or purposes of any special meeting of the Board of Directors need be given, and, unless otherwise indicated in the notice thereof, any and all business may be transacted at any special meeting.

5.11 The transactions of any meetings of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held, if a quorum be present and if either before or after the meeting each of the Directors including those not present signs a written waiver of notice and consent to holding such meeting or signs an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the Association records and made a part of the minutes of the meeting.

5.12 Subject to the provisions of these By-Laws, at all meetings of the Board of Directors a majority of the number of Directors fixed by the By-Laws shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of the majority of the Directors present at any meeting at which there is

a quorum shall be the act of the Board of Directors. The majority of the Directors present at any meeting of the Board, whether or not a quorum is present, may adjourn the meeting from time to time, provided that no such adjourned meeting shall be held unless or until notice has been given as provided for special meetings in this Article V, and, provided further, that the time so fixed shall not extend beyond the time for the next regular meeting of the Board.

5.13 Directors shall not receive any salary or compensation from the Association (except for reasonable expenses incurred in connection with the performance of their duties as Directors, as may be approved by the Board).

5.14 Each Director shall be a natural living person, twenty-one (21) years of age or older. All Directors shall be Members.

5.15 The Board of Directors shall have the rights and powers set forth in these By-Laws, and California law together with general powers, and the Board shall perform each and every duty required of it by these By-Laws and California law.

5.16 The Board of Directors shall approve no contract calling for the expenditure of any funds, if the expenditure is for a non-recurring item exceeding \$5,000 in cost, unless the Board of Directors shall have first secured by vote or by written approval the consent to said expenditure given by a majority of the Members. The Board of Directors shall approve no contract providing for the expenditure of funds for any work or improvement or service referable to an Individual Residence or Individual Facilities, unless such expenditure be for an emergency, or unless the expenditure shall have received, by vote or in writing, approval of the majority of the Members.

ARTICLE VI

FINANCES. BOOKS AND ACCOUNTS

6.01 All checks, drafts, or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Association, and any and all securities owned or held by the Association requiring signature for transfer, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution by the Board of Directors.

6.02 The Board of Directors, except as in the 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 of and on behalf of the Association and such authority may be general or confined to specific instances; and unless authorized by the Board of Directors, no officer, except the President, and no agent or employee shall have any power or authority to bind the Association

to any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

6.03 The membership register, books of account and minutes of meetings of the Members, of the Board and of committees of the Board shall be made available for inspection and copying by any Member -- or by his or her duly-appointed representative -- at any reasonable time and for a purpose reasonably related to his or her interest as a Member, at the office of the manager for the Association or at such other place as the Board shall prescribe. The Board shall establish reasonable rules with respect to:

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

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

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

6.04 The Board shall prepare and distribute to all Members the following:

(a) A pro forma operating budget distributed not less than 45 days nor more than 60 days prior to the beginning of the Association's fiscal year. The budget shall include all of the following:

(1) The estimated revenue and expenses on an accrual basis.

(2) the identification of the total cash reserves currently set aside.

(3) The identification of the estimated remaining life of, and the methods of funding used to defray the future repair, replacement, or additions to, those major components which the Association is obligated to maintain.

(4) A general statement addressing the procedures used for the calculation and establishment of those reserves to defray the future repair, replacement, or additions to those major components that the Association is obligated to maintain.

(b) A copy of a review of the financial statement of the Association which shall be prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy for any fiscal year in which the gross income to the Association exceeds seventy-five thousand dollars (\$75,000). A copy of the review of the financial statement shall be distributed within 120 days after the close of each fiscal year.

(c) In lieu of the distribution of the financial statement required by subdivision (a), the Board may elect to distribute a summary of the statement to all its Members with a written notice that the statement is available at the business office of the Association or at another suitable location within the boundaries of the development and that copies will be provided upon request and at the expense of the Association. If any member requests a copy of the financial statement required by subdivision (a) to be mailed to the Member, the Association shall provide the copy to the Member by first-class United States mail at the expense of the Association and delivered within five days. The written notice that is distributed to each of the Association Members shall be in at least 10-point bold type on the front page of the summary of the statement.

6.05 The Board shall provide a statement describing the Association's policies and practices in enforcing lien rights or other legal remedies for default in payment of its assessments against its Members annually to the Members during the 60-day period immediately preceding the beginning of the Association's fiscal year.

6.06 The Board shall do all of the following:

(a)(1) Review a current reconciliation of the Association's operating accounts on at least a quarterly basis.

(2) Review a current reconciliation of the Association's reserve accounts on at least a quarterly basis.

(3) Review, on at least a quarterly basis, the current year's actual reserve revenues and expenses compared to the current year's budget.

(4) Review the latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts.

(5) Review an income and expenses statement for the Association's operating and reserve accounts on at least a quarterly basis.

(b) The signatures of at least two persons, who shall be members of the Association's Board of Directors or, one officer who is not a member of the Board and a member of the Board, shall be required

for the withdrawal of moneys from the Association's reserve accounts.

(c) As used in this section, "reserve accounts" means moneys that the Association's Board has identified from its annual budget for use to defray the future repair or replacement of, or additions to, those major components which the Association is obligated to maintain.

ARTICLE VII

OFFICERS

7.01 The officers of the Association shall be a president and a vice president. The Association may also have, at the discretion of the Board of Directors, a secretary, a treasurer, one or more additional vice presidents, one or more assistant secretaries, one or more assistant treasurers, and such officers as may be appointed in accordance with the provisions of this Article VII. Officers other than the president and vice president need not be Directors. One person may hold two or more offices except that of the president and vice president. Officers shall not receive any salary or compensation from the Association (except for reasonable expenses incurred in connection with the performance of their duties as Officers, as may be approved by the Board).

7.02 The officers of the Association, except as such officers may be appointed in accordance with the provisions of this Article VII hereinafter stated shall be chosen annually by the Board of Directors, immediately after the regular annual meeting of the Members, and each shall hold office until resignation or removal or otherwise disqualified to serve, or his successor shall be elected and qualified.

7.03 The Board of Directors may elect or authorize the appointment of such other officers as the business of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the By-Laws or as the Board of Directors may from time to time authorize or determine.

7.04 Any officer may be removed either with or without cause, by a majority of the Directors at any regular or special meeting of the Board, or except in case of any officer chosen by the Board of Directors, by an officer upon whom such power or removal may be conferred by the Board of Directors.

7.05 A vacancy in any office because of death, resignation, removal, disqualification or any other cause, shall be filled in the manner provided or authorized herein for regular elections or appointment to such office.

7.06 The president shall be the chief executive officer of the Association and shall, subject to control of the Board of Directors, have general supervision, discretion and control of the affairs and other officers of the Association. He shall preside at all meetings of the Members and at all meetings of the Board of Directors and shall have the general powers and duties of management usually vested in the office of the president of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors and the By-Laws, subject, however, to any limitations contained in these By-Laws. During the absence or disability of the president, the vice president, or, if more than one, in order of their rank as fixed by the Board of Directors, or if not ranked, the vice president designated by the Board of Directors shall perform all the duties of the president, and when so acting shall have all the powers of, and be subject to all the restrictions upon the president. The vice president shall have such other powers and perform such other duties as from time to time may be prescribed for him respectively, by the Board of Directors or the By-Laws.

7.07 The president shall keep or cause to be kept a book of minutes at the principal office or such other place as the Board of Directors may order, of all meetings of Directors and Members, with the time and place of holding, whether regular or special, and if special, how authorized, or notice thereof given, the names of those present at Directors' meetings, the number of Memberships and votes present or represented at Members' meetings and all the proceedings thereof. The president shall give or cause to be given notice of all meetings of the Members and of the Board of Directors required by the By-Laws or by law to be given, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by the By-Laws. The president shall also issue such certificates to title insurers as are provided in these By-Laws to be issued.

7.08 The president shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association including accounts of its assets, liabilities, receipts, disbursements, gains and losses. The president shall also maintain or cause to be maintained complete records of all assessments and charges levied and the liens securing same under the pursuant to the provisions of these By-Laws, the amounts thereof, the properties and interests against which the same have been assessed, the dates upon which the same are due, and upon which the same are delinquent, and a record of the payments thereof, as well as a record of Notices of Delinquency which have been recorded pursuant to these By-Laws. The president shall deposit or cause to be deposited all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board of Directors. The president shall disburse the funds of the Association as may be ordered by the Board of Directors, shall render to Directors, whenever they request it, an account of all transactions as president and of the financial

condition of the Association and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by the By-Laws.

ARTICLE VIII

CONDITIONS OF OCCUPANCY

8.01 In exercising the right to occupy or use an Individual Residence or the Community Facilities and its improvements, the Owner and the Owner's family, guests, employees, tenants, invitees or other occupants shall not do any of the following:

(a) Attempt to further subdivide an Individual Residence without obtaining the prior approval of the Association.

(b) Except upon express written consent of the Board of Directors given and evidenced in the manner provided for leasing and transfer of ownership in Article IX, occupy any Individual Residence by any person or persons other than the Owner and Owner's immediate family, his or her casual guests, and his or her domestic employees or servants. Individual Residences shall be used for residential purposes only and shall not be used for commercial purposes of any character.

(c) Permit anything to obstruct the Community Facilities or Community Sites or store anything in the Community Facilities without the prior consent of the Board of Directors, except as otherwise provided in the By-Laws.

(d) Interfere with the rights of other Owners or the Association, nor intentionally or unintentionally annoy any other occupant of Real Property by unreasonable noises, offensive odors or improper conduct or otherwise.

(e) Create, nor allow the creation of any loud noises. Particular care shall be taken to avoid creating noise between the hours of 10:00 o'clock P.M. to 8:00 o'clock A.M.

(f) Store any inflammable matter such as trunks, boxes, firewood, gasoline in the garage stalls or in Community Sites.

(g) Perform any act or keep anything on or in any Individual Residence or in the Community Facilities or Community Site that will increase the rate of insurance on the Community Facilities without the Board of Governor's prior written consent. Further, no Owner shall permit anything to be done or kept in his or her Individual Residence, or in the Community Facility or Community Site, including the garage, that would result in the cancellation of insurance on any Individual Residence or on any part of the Community Site or that would violate any law.

(h) Display any sign to the public view on or from any Individual Residence without the prior written consent of the Board of Directors, except for a sign advertising the property for sale, lease, or exchange as provided in Section 712 of the California Civil Code.

(i) Raise, breed, or keep animals, livestock, or poultry of any kind in an Individual Residence or in the Community Site, including dogs, cats, or other household pets.

(j) Engage in any noxious or offensive activity in any part of the Real Property.

(k) Alter or modify the exterior of any improvements located in a Individual Residence without first obtaining the written consent of the Board of Directors.

(l) Alter, construct, or remove anything on or from the Community Facilities or the Community Site, except upon the written consent of the Board of Directors.

(m) Park any vehicle in the Community Facilities except in a space, or spaces in the garage area designated for the Owner by the Board of Directors. Under no circumstances shall anyone park a vehicle in a garage space unless by express permission of the Owner or the Board of Directors. No vehicle shall extend beyond the perimeter of the assigned space.

8.02 Each Owner shall be liable to the Association for all damage to the Community Facilities or Community Site or other Association property that is sustained by reason of the negligence or willful misconduct of that Owner or his or her family, guests, employees, tenants, and invitees, to the extent that the damage is not covered by the casualty insurance obtained and maintained by the Association pursuant to these By-Laws.

8.03 An Owner and his or her family, guests, employees, tenants, invitees, or other occupants, shall obey and comply with all public laws, ordinances, rules and regulations and all Rules and Regulations now or hereafter promulgated as provided for in these By-Laws.

8.04 Each Owner shall keep his Individual Facilities and the interior of his Individual Residence and all fixtures, appliances and appurtenances therein in good order and repair and shall not do or permit or suffer anything to be done in such Individual Residence or on Real Property which will or may have a tendency to vitiate or to increase the rate of fire or any other insurance on any Residence Building or any other structure on the Real Property or the contents thereof.

8.05 Each Owner on the second and third levels shall cover all floors, except floors in kitchens and bathrooms, with carpeting which shall be a minimum of 48-ounce (per square yard) and padding of a minimum of one-quarter (1/4) inch. Any exception to the foregoing must be approved in advance by the Board.

8.06 No Owner shall do or allow to be done any act or omission (or allow his Individual Facilities to fall into a state of disrepair) which causes, or threatens to cause, any damage, encroachment or disrepair to the Real Property, Community Facilities, any Party Wall, any Residence Building, or the Individual Residence or Individual Facilities of any other Owner(s). Any Owner who violates this section shall be liable to the Association (or other Owner(s) as the case may be) for the cost of repairing any such damage. Any disputes between Owners as to the cause or cost to repair such damage, shall be resolved by the Board of Directors.

ARTICLE IX

LEASING OR TRANSFER

An Owner, at least ten (10) days prior to selling or renting his or her Individual Residence, or effecting any other Transfer as defined in Section 2.08 of these By-Laws, shall inform the Board of Directors in writing of the name and phone number of the proposed buyer or tenant or other transferee, including the length of any proposed lease term.

ARTICLE X

ASSESSMENTS AND LIENS

10.01 Each Owner shall pay to the Association monthly in advance, on the first day of every calendar month, one-twelfth (1/12) of each Owner's proportionate share as hereinafter defined of the regular annual assessment which shall be established by the Association for the operation of the Association and the operation, maintenance, taxes, care and improvement of the Real Property. Each Individual Residence within the Real Property shall be subject to a lien to secure the payment of the regular assessment established against it.

10.02 The Association may, from time to time, at a regular meeting or a special meeting called upon notice, establish a special assessment to be levied against each Individual Residence in the same proportion against each as set forth herein with reference to regular assessments for the operation of the Association and the operation, maintenance, care and improvement of the Real Property. In addition, the Association shall have the authority to establish and fix a special assessment on any Individual Residence to secure the liability of the Owner of such Individual Residence to the Association for any breach by such Owner of any of the provisions of

these By-Laws, which breach shall require an expenditure by the Association for repair or remedy. Any special assessment shall become a lien against each Individual Residence in the same manner otherwise provided in this Article. Any special assessment shall be payable in full on the first day of the second calendar month next following the date that the same shall be established by the Association.

10.03 The Association may not impose a regular assessment that is more than 20 percent greater than the regular assessment for the Association's preceding fiscal year or impose special assessments which in the aggregate exceed 5 percent of the budgeted gross expenses of the Association for the fiscal year without the approval of Owners, constituting a quorum, casting a majority of the votes at a meeting or election of the Association conducted in accordance with Chapter 5 (commencing with Section 7510) of Part 3 of Division 2 of Title 1 of the Corporations Code and Section 7613 of the Corporations Code. For the purposes of this section, quorum means more than 50 percent of the Owners of an Association. This section does not limit assessment increases necessary for emergency situations. For purposes of this section, an emergency situation is any one of the following:

(a) An extraordinary expense required by an order of a court.

(b) An extraordinary expense necessary to repair or maintain the Real Property or any part of it for which the Association is responsible where a threat to personal safety on the property is discovered.

(c) An extraordinary expense necessary to repair or maintain the common interest development or any part of it for which the Association is responsible that could not have been reasonably foreseen by the Board in preparing and distributing the proforma operating budget. However, prior to the imposition or collection of an assessment under this subdivision, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process, and the resolution shall be distributed to the Members with the notice of assessment.

10.04 The proportionate share of assessments, whether regular or special, to be levied against each Individual Residence and each Owner thereof as provided in this Article X shall be, and shall remain, established according to the following schedule:

220 Building Percentage of Total
Both Buildings

Apartments:

A-1	3.59165
A-2	3.41190
A-3	3.84516
B-1	3.16912
B-2	3.25362
B-3	3.33813
C-1	2.23956
C-2	2.40857
C-3	2.49308
D-1	1.73251
D-2	2.74659
D-3	3.00010
E-1	1.73251
E-2	1.81703
E-3	1.81703
F-1	3.33813
F-2	3.59165
F-3	3.33813
G-1	3.92965
G-2	4.01417
G-3	4.09867
H-1	2.57756
M-1	.79435
M-2	.72888

M-3 .79435

240 Building

Apartments:

A-1	2.74659
A-2	3.21122
A-3	3.16912
B-1	2.87319
B-2	2.66208
B-3	2.74659
C-1	2.49309
C-2	2.32405
C-3	2.74659
D-1	2.02813
D-2	1.81703
D-3	2.02813
E-1	1.35209

10.05 The Association shall have the sole authority to collect and enforce the collection of all regular and special assessments provided for in these By-Laws, and may in addition to such assessments, charge and assess costs (including reasonable attorney fees) and penalties and interest for the late payment or nonpayment thereof. The Association shall have the authority to expend all monies collected from such assessments, costs, penalties and interest for the payment of expenses and costs in carrying out the duties, rights and powers of the Association and provided for in these By-Laws of the Association.

10.06 Fifteen (15) days after any regular or special assessment shall be due and payable, and unpaid or not otherwise satisfied, the same shall be and become delinquent, and shall so continue until the amount of said assessment together with all costs, penalties and interest as herein provided, have been fully paid or otherwise satisfied. When and if such a delinquency should occur, the Board of Directors shall be authorized, at their discretion, to levy a late charge of ten (10%) percent of the delinquent assessment or ten dollars (\$10.00), whichever is greater. In addition, all sums due

shall bear interest at twelve (12%) percent per annum, said interest to commence thirty (30) days after the assessment becomes due.

10.07 At any time after any regular or special assessment against any Individual Residence has become a lien and delinquent, the Association may record a Notice of Delinquency as to such Individual Residence, which Notice shall state therein the amount of such delinquency and that it is a lien, and the interest, costs (including attorney's fees) and penalties which have accrued thereon, a description of the Individual Residence against which the same has been assessed, and the name of the record or reputed record Owner thereof, and such notice shall be signed by an officer of the Association. Upon the payment or other satisfaction of said assessments, interest, penalties and costs in connection with which notice has been recorded, the Association shall record a further notice stating the satisfaction and the release of the lien thereof.

10.08 Each lien established pursuant to the provisions of these By-Laws by the recording of a Notice of Delinquency as hereinabove provided, may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the Notice of Delinquency or sale by a trustee substituted pursuant to Section 2934a of the California Civil Code. Any sale by the trustee so identified shall be conducted in accordance with the provisions of Section 2924, 2924b, and 2924c of the California Civil Code applicable to the exercise of powers of sale in mortgage and deeds of trust. In any action to foreclose any such lien, the Association shall be entitled to costs, including reasonable attorney's fees, and such reasonable penalties for delinquent charges and assessments as shall have been established by the Association and as shall be approved by the Court.

10.09 Each and every assessment and lien, together with any costs, penalties or interest, established, reserved or imposed under these By-Laws shall be subordinate to any valid bona fide mortgagor trust deed (and the lien and/or title thereof) which has been or may hereafter be given in good faith and for value on any interest of any Owner covered by these ByLaws. Any subsequent Owner of any Individual Residence purchased at foreclosure shall be bound by the restrictions, conditions, covenants, reservations, assessments and liens set out in these By-Laws, not including, however, any assessment or lien arising prior to the foreclosure sale.

ARTICLE XI

PARTY WALLS

11.01 A Party Wall is erected for the benefit of each Owner of any Individual Residence on either side of the center line of such wall, and each such Owner shall maintain that portion of such Party Wall or Party Walls within the boundaries of the Owner's Individual Residence at all times in good order and repair, and no Party Wall,

its footings or any portion thereof, shall be removed, damaged, injured or destroyed, nor shall the same be altered, added to, enlarged or extended except only for the purpose of maintaining or repairing the same, unless upon the prior consent of the Board. In the event of the failure of any Owner or Owners properly to maintain a Party Wall, the Board of Directors may and shall maintain the Party Wall and perform all works of restoration and repair as may be necessary in its sole discretion.

11.02 The cost of repair or re-erection of a Party Wall and/or structure therein shall be borne by the Owners of the Individual Residences on either side thereof proportionately, based upon the extent and nature of such repair or re-erection and who is responsible, and in the event of a dispute between the responsible parties as to the apportionment of such costs, the Board of Directors shall fix and apportion them to and between the responsible parties and the determination of the Board of Directors shall be conclusive and binding.

11.03 In the event that any responsible party should fail to pay for such repair or re-erection or his proportionate share thereof as provided above (whether such repair or re-erection was done or caused to be done by the reasonable party or parties or by the Board of Directors), the Individual Residence of the responsible party or parties shall be subject to and the Board of Directors shall fix and establish a special charge and assessment for the payment of such costs as provided in Article X of these By-Laws.

11.04 In the event that there shall be located within any Party Wall pipes, vents, outlets or other structures serving more than one Individual Residence, the Owner of each Individual Residence so served shall have and enjoy a perpetual easement to the maintenance and use of any such pipe, vent, outlet or other structure.

11.05 Should the foundation or footings supporting any Party Wall be damaged or destroyed, the repair and restoration thereof shall be the exclusive responsibility of the Board of Directors as more fully provided in Article XIII of these ByLaws.

ARTICLE XII

INSURANCE

12.01 Each Owner shall provide fire and casualty insurance for the improvements in his or her Individual Residence. An Owner may separately insure his or her personal property, and may obtain and maintain personal liability and property damage liability for his or her Individual Residence, provided that the insurance contains a waiver of subrogation rights by the carrier as to the other Owners and the Association. Owners shall provide certificates of such insurance to the Board of Directors if the Board of Directors requests such certificates.

12.02 The Association shall have the duty to purchase, carry and at all times to maintain in force insurance covering all of the Real Property, the improvements thereon and appurtenant thereto, for the interest of the Association and of all Owners and their mortgagees, as their interests may appear, in such amounts and with such endorsements and coverage as shall be considered good, sound insurance coverage for properties similar in construction, location and use to the Real Property.

(a) Such insurance shall include, but need not be limited to:

(1) Insurance against loss or damage by fire and hazards covered by a standard extended coverage endorsement in an amount which shall be equal to the maximum insurable replacement value, excluding foundation and excavation costs as determined annually by the insurance carrier.

(2) Public liability and property damage insurance on a broad form basis.

(b) Proceeds of insurance shall be disbursed by the insurance carrier as follows:

(1) For any loss, damage or destruction affecting an Individual Residence of one Owner only, the proceeds shall be paid to such an Owner with an affirmative duty on such Owner to rebuild or repair his or her Individual Residence.

(2) For any loss, damage or destruction affecting more than one Individual Residence or Owner, the proceeds shall be paid to the Association with an affirmative duty on the Association to rebuild or repair the damage to which said insurance proceeds relate.

12.03 The Association and the Owners shall use the net insurance proceeds to repair and replace any damage or destruction of property, real or personal, covered by such insurance. Any balance from the proceeds of insurance paid to the Association, as required in this Article, remaining after satisfactory completion of repair and replacement, shall be retained by the Association as part of a general reserve fund for repair, maintenance and replacement of the Real Property.

12.04 If the insurance proceeds are insufficient to repair or replace any loss or damage for the repair of which the Association is bound hereunder, the Association shall levy a special assessment as provided for in Article X of these By-Laws to cover the deficiency. If the insurance proceeds are insufficient to repair or replace any loss or damage for which an Owner is bound hereunder, such Owner shall, as his undivided responsibility, pay any excess costs of repair or replacement.

12.05 There shall be attached to all policies of insurance against loss or damage by fire and other hazards a mortgagee or lender's loss payable clause; provided, however, that amounts payable under such clause to the mortgagee shall be paid to the Association to hold for the payment of all costs of repair or replacement.

12.06 In the event of total destruction or of substantial total destruction or destruction affecting all of the Individual Residences, it shall be a duty of the Association to obtain bids for reconstruction and to proceed with reconstruction as set forth in Article XIII of these By-Laws, unless there shall have been a unanimous decision of all Owners not to rebuild, in which event, the Association, as agent for all Owners coupled with its own interest, shall be granted the power to sell the entire Real Property in its then present condition. The proceeds of sale, together with any available insurance proceeds, shall then be distributed to the Owners and their mortgagees as their interests may then appear of record. The proportionate share of distribution of sale and insurance proceeds to be made to each Owner (or to each mortgagee of each Owner) shall be in the same proportion established with reference to assessments as is set forth in Article X hereof.

12.07 The Board of Directors may provide such additional insurance including but not limited to indemnity bonds and directors and officers liability insurance, as the Board of Directors may from time to time determine to be appropriate.

ARTICLE XIII

REPAIR AND RESTORATION

13.01 Notwithstanding that the placing, carrying and maintaining in force of insurance against all loss, damage and destruction is provided for in these By-Laws, the Owners shall have the affirmative obligation for repair and restoration as set forth in this Article.

13.02 Each Owner shall be responsible for the repair and maintenance of his own Individual Residence and Individual Facilities. Should any Individual Residence or Individual Facilities or any part thereof, including windows, be damaged or destroyed by fire or other casualty, by intentional mischief, or by ordinary wear and tear, the Owner of the Individual Residence upon which the same is situated shall, at his own cost and expense, repair and restore the same or cause the same to be repaired and restored substantially in accordance with the original plans and specifications for the Real Property. All such repair and restoration work and the plans and specifications therefor must be approved in advance by the Board, and performed in accordance with all applicable laws, ordinances, regulations and building codes.

13.03 Should more than one Individual Residence or any part thereof, including windows, be damaged or destroyed by fire or other casualty or by intentional mischief or by ordinary wear and tear, the Owners of each of the Individual Residences upon which such damage or destruction has occurred shall bear the cost of the same proportionately based upon the nature and extent of same as it affects the Individual Residence of each such Owner. In the event of a dispute between the responsible parties as to the apportionment of such costs, the Board of Directors shall fix and apportion them to and between the responsible parties and the apportionment of the Board of Directors shall be conclusive and binding. Each Owner shall permit the Association or its agents or contractors reasonable entry into and access through an Individual Residence to effect such repairs and restorations as may be provided by this Article notwithstanding that the Owner's Individual Residence shall itself be unaffected.

13.04 Should any Community Facilities or any part or portion thereof, or any foundations or footings of a Residence Building, be damaged or destroyed by fire or other casualty or by intentional mischief or by ordinary wear and tear, the Board of Directors shall cause the Association to be responsible for the cost and expense of repair and restoration, and the same shall be done substantially in accordance with the original plans and specifications for the improvement of Real Property and in accordance with any modifications thereof.

13.05 The repair and restoration work referred to in this Article XIII shall be commenced within thirty (30) days after the happening of the destruction or damage occasioning same, time being of the essence, and once commenced the same shall be pursued diligently to completion; and should the same not be timely commenced, the Board of Directors may, by notice to the responsible party, elect to repair or restore the same or cause the same to be repaired or restored on behalf of and at the cost and expense of the responsible party or parties, and in that event all insurance proceeds collected and any additional amount of cost and expense in excess thereof shall be forthwith paid over to the Board of Directors to be used by or to reimburse it for such repair or restoration.

13.06 No work provided for in this Article or elsewhere in these By-Laws shall be commenced and no structure shall be painted or repainted on the exterior thereof or constructed, altered or repaired until complete plans and specifications for the work, including color schemes, shall have been submitted to and approved by the Board of Directors and by any governmental body having jurisdiction over the work.

13.07 All work of whatever nature on the Real Property when commenced shall be done, performed, expeditiously pursued and completed in accordance with the approval given. Neither the Association nor any Owner who performs any work or causes any work

to be performed on the Real Property shall suffer or permit any mechanics', laborers', materialmen's, subcontractors' or other such or similar liens arising from or growing out of any work, or any other claim or demand howsoever the same may arise, to be enforced against the Real Property or any part or portion thereof. The Board of Directors in behalf of the Association or such Owner, as the case may be, shall pay or cause to be paid all such liens, claims and demands before any action is brought to enforce the same against any part or portion of the Real Property. The Board of Directors in behalf of the Association and each Owner covenants to indemnify all Owners of the Real Property and hold them free and harmless from any and all such liens, claims or demands, together with all costs and expenses in connection therewith. If the Board of Directors or any Owner, as the case may be, shall in good faith contest the validity of any such lien, claim or demand, then the Board of Directors in behalf of the Association or such Owner, as the case may be, shall, at its own expense defend itself and other Owners against the same and shall pay and satisfy any adverse judgment that may be rendered before the recordation thereof against any Owner of the Real Property.

13.08 No work on the Real Property which requires the approval of the Board of Directors pursuant to these By-Laws shall be deemed completed until the Board of Directors shall have issued its Certificates of Acceptable Completion. The Board of Directors shall issue such Certificate upon written request therefor or shall set forth in writing its specific objections to work as not completed or complying. If the Board of Directors fails to issue a Certificate of Acceptable Completion (or its written specific objections) within sixty (60) days after a request in writing for the same has been made to it, acceptable completion of the work shall be presumed.

13.09 The approval by the Board of Directors of any plans and specifications, or any other plan or matter requiring approval under these By-Laws, shall not be deemed to be a waiver of any right to withhold approval as to a similar or any other feature or element embodied therein when subsequently submitted for approval by the same or any other Owner or by the Board of Directors.

ARTICLE XIV

RESERVATIONS

Nothing contained in these By-Laws is intended to restrict or abrogate any valid covenant or restriction or zoning ordinance or ordinances or use regulations of any public authority concerning the Real Property.

ARTICLE XV

SAVINGS PROVISION

The failure of the Association or of any Owner to enforce any of the restrictions, conditions, covenants, reservations, liens or charters to which the Real Property or any part thereof is subject shall in no event be deemed a waiver of the right to do so thereafter or to enforce any other restriction, condition, covenant, reservation, lien or charge.

ARTICLE XVI

NONSEVERABILITY PROVISION

It is hereby declared to be the intention of the Association, the Board of Directors and of the Members that these By-Laws shall be integrated. Notwithstanding the expression of an intent at integration, however, contained in this Article, it is also specifically expressed to be the intention of the Association, of its Board of Directors and of the Members of the Association that the invalidity of any work, phrase, sentence, paragraph, article, or any portion, large or small, of these By-Laws, whether such invalidity be determined by action of the Board of Directors or of the Members or by judicial declaration, shall not in any manner affect the validity and the enforceability of the whole or the balance of these By-Laws which shall be unaffected by any such declaration of invalidity. The By-Laws, as an integrated expression, shall survive the declaration of invalidity of any portion thereof.

ARTICLE XVII

NOTICES

17.01 Whenever, under the provisions of these By-Laws, notice is required to be given to any Director or Member, it shall not be construed to mean personal notice, but such notice, if not given by any other method authorized by these By-Laws, may be given in writing by mail, by depositing the same in the United States Post Office or in a post office box in the State of California, in a postage-paid envelope, addressed to such Member or Governor, at the address of such person as appears on the books of the Association, or in the absence of such address, to such Director or Member at the General Post Office in the place where the principal office of the Association is situated, and such notice shall be deemed to have been given at the time the same shall be thus mailed. Whenever any Member entitled to vote has been absent from any meeting of Members, and whenever any Director has been absent from any meeting of the Board of Directors, an entry in the minutes of the meeting to the effect that notice has been duly given shall be prima facie evidence that due notice of such meeting was given to such absentee as required by law and by these By-Laws.

17.02 Any mistake, inadvertence or excusable neglect in giving any notice required by these By-Laws, shall not affect the validity of any meeting called thereby or of any proceedings had at such meeting.

ARTICLE XVIII

CERTIFICATES

A Certificate of the Board of Directors, shall be conclusive proof of all matters contained in the Certificate when the Certificate shall relate to acts or nonacts of the Association, its Board of Directors, or any committee or agent of the Association and when the Certificate shall be prepared for or delivered to any title insurer or land abstractor for use in a search, in preparing an abstract or in insuring title in any Individual Residence or interest therein, or lien thereupon.

ARTICLE XIX

RULES AND REGULATIONS

Subject to the limitations contained in these By-Laws, the Board of Directors may from time to time make, publish and enforce Rules and Regulations, and establish and collect fines for the violation thereof, governing the use of community facilities as the same are defined in these By-Laws and the conduct of the users thereof, in the manner set forth in these By-Laws. A current record of all Rules and Regulations, as amended from time to time, and a record of the amount of the fines (if any) established for the violation thereof, shall be kept by the president of the Association and shall be available to any Member at any reasonable time.

ARTICLE XX

INTERPRETATION

The singular shall include the plural and the plural shall include the singular unless the context requires the contrary, and the masculine, feminine and neuter shall each include the masculine, feminine and neuter as the context requires.

ARTICLE XXI

AMENDMENTS OF BY-LAWS

These By-Laws, and any thereof, may be amended or repealed and new By-Laws may be adopted by the vote or written assent of Members entitled to exercise sixty six and two-thirds percent (66 2/3%) of the voting power and, subject to such right of the Members, by the Board of Directors; provided, however, that no By-Law or amendment

thereof changing the authorized number of Directors may be adopted, amended or repealed by the Board.

ARTICLE XXII

PARTITION AND SEVERANCE

Each of the Owners of the Individual Residences is prohibited from partitioning or in any other way severing or separating such Ownership from any of the other Ownerships in the Real Property except on the showing that (1) three years after damage or destruction to the Real Property which renders a material part thereof unfit for its use prior thereto, the project has not been rebuilt or repaired substantially to its state prior to its damage or destruction; or (2) that three fourths (3/4ths) or more of the Real Property has been destroyed or substantially damaged, and that Owners holding in aggregate more than fifty percent (50%) undivided interest in the Real Property are opposed to repair or restoration of the project; or (3) that the project has been in existence in excess of fifty (50) years, that it is obsolete and uneconomic, and that Owners holding in aggregate more than a fifty percent (50%) interest in the Real Property are opposed to repair or restoration of the project; provided however, that if any Individual Residence shall be owned by two (2) or more co-tenants as tenants-in-common or as joint tenants, nothing herein shall be deemed to prevent a judicial partition as between such co-tenants; and further provided that a partition under this section shall only be by sale of the entire Real Property.

XXIII

INDEMNIFICATION AND INSURANCE

23.01 The Association shall indemnify any agent of the Association who was a party to any proceeding by reason of the fact that the person is or was an agent of the Association against expenses actually and reasonably incurred in any proceeding to the extent that the agent was successful on the merits in defense of the proceeding or in defense of any claim, issue, or matter therein. Expenses shall include any attorneys' fees and any other expenses of establishing a right to indemnification.

The Association may indemnify any agent of the Association who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that such person is or was an agent of the Association, against expenses actually and reasonably incurred in connection with such proceeding provided the approval requirements described in Section 23.02 of these ByLaws have been satisfied.

For purposes of sections 23.01-23.05 of these ByLaws, the term "agent" means any present or former Director, officer, employee, or other agent of the Association, the term "proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, and the term "expenses" including judgments, fines, or settlements occurring in any proceeding other than a proceeding brought by or on behalf of the Association.

23.02 Unless indemnification is required as provided In Section 23.01 of these By-Laws, indemnification shall be made only if authorized in the specific case on a determination that indemnification is proper in the circumstances because the agent satisfied the appropriate standard of care described in Section 23.03 of these By-Laws. The determination must be made by one of the following methods:

(a) A majority vote of a quorum of the Board consisting of Directors who are not parties to the proceeding.

(b) The affirmative vote of a majority of the voting power of the Members entitled to vote at a duly held Members' meeting in which a quorum was present, or the approval by written ballot under the procedures described in Section 4.10 of these By-Laws, provided that if the agent to be indemnified is a Member, the agent shall not be entitled to vote.

(c) The court in which such proceeding is or was pending on application made by the Association or the agent or the attorney or other person rendering services in connection with the defense, whether or not the application is opposed by the Association.

Notwithstanding the foregoing, any indemnification in any proceeding brought by or on behalf of the Association shall be subject to the restrictions contained in California Corporation Code Section 7237(c).

23.03 In any proceeding brought by or on behalf of the Association, the applicable standard of care shall require that the agent acted in good faith, in a manner the agent believed to be in the best interests of the Association and with the care, including reasonable inquiry, that an ordinarily prudent person in like position would use under similar circumstances. In all other proceedings, the agent must have acted in good faith, in a manner the agent believed to be in the best interests of the Association and, in the case of a criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

23.04 On approval by the Board, expenses incurred in defending any proceeding may be advanced by the Association prior to the final disposition of the proceeding, provided the Association

receives an undertaking by or on behalf of the agent that the advances will be repaid unless it is ultimately determined that the agent was entitled to indemnification as required or authorized by these By-Laws.

23.05 The Association shall have the power to purchase and maintain insurance on behalf of its agents, against any liability asserted against or incurred by any agent in such capacity or arising out of the agent's status as such whether or not the Association would have the power to indemnify the agent against such liability under section 23.01-23.04 of these ByLaws.

CERTIFICATE OF ADOPTION

We, the undersigned, do hereby certify: (1) That we are the duly elected and acting Board of Directors of the 220-240 Association, a California nonprofit mutual benefit corporation; (2) that these amended By-Laws have been adopted by the vote or written consent of Members entitled to exercise sixty six and two thirds percent (66 2/3%) of the voting power of the Association; and (3) that these By-Laws, comprising thirty-four (34) pages, constitute the By-Laws of said Association duly adopted at a meeting of the Board of Directors duly held on this _____ day of _____, 1992.

IN WITNESS WHEREOF, we have hereunto subscribed our names

