

BY-LAWS OF SANDSIDE VILLAS

Homeowners' association,
An Unincorporated Association

ARTICLE I

Name

The name of the association is SANDSIDE VILLAS HOMEOWNERS' ASSOCIATION, an unincorporated association, hereinafter referred to as the "Association".

ARTICLE II

Unincorporated Association

This association is organized pursuant to the provisions of Sections 21000 through 24007 of the Corporations Code of the State of California as amended.

ARTICLE III

Project Location

SANDSIDE VILLAS Condominium project is located at 320 Hermosa Avenue in the City of Hermosa Beach County of Los Angeles, State of California.

ARTICLE IV

Applicability of By-Laws

All present or future owners, tenants, future tenants, or their employees, or any other person that might use the facilities of the project in any manner, are subject to the regulations set forth in these By-Laws of SANDSIDE VILLAS HOMEOWNERS' ASSOCIATION.

The mere acquisition or rental of any of the family units (hereinafter referred to as "units") of the project or the mere act of occupancy of any of said units will signify that these By-Laws of SANDSIDE VILLAS HOMEOWNERS' ASSOCIATION are accepted, ratified, and will be complied with.

ARTICLE V
Purpose and Powers

The purposes for which this Association is formed are:

(1) The specific and primary purpose is to provide for the maintenance, preservation and architectural control of the Condominium and Common Area within the real property described as follows:

All of those portions of Tract 31373 as per Map recorded in Book , Pages .. LO of Maps in the office of the County Recorder of Los Angeles County, shown and defined as Units 1 to 13 inclusive, and the "Common Area" on the Condominium Plan, recorded as Instrument No.

(2) The general purposes and powers are:

(a) To fix, levy, collect and enforce payment by any lawful means, all charges or assessments due the Association; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges, levied or imposed against any property owned by the Association.

(b) To have and to exercise any and all powers, rights and privileges which an unincorporated association organized under the Corporations Code of the State of California by law may now or hereafter have or exercise.

ARTICLE VI
Voting, Majority of Owners, Quorum, Proxies

Section 1. Voting. Voting shall be on the basis of the ownership of a Condominium. Each Condominium shall be entitled to one vote.

Section 2. Majority of Owners. As used in these By-Laws the term "majority of owners" shall mean those owners holding 51% of the votes

in accordance with ownership of the condominiums as set forth in the Declaration of Restrictions.

Section 3. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a "majority of owners" as defined in Section 2 of this Article shall constitute a quorum.

Section 4. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

ARTICLE VII Administration

Section 1. Association Responsibilities. The owners of the units will constitute the Association of Owners who will have the responsibility of administering the project, approving the annual budget, establishing and collecting monthly assessments and contracting for the management of the project pursuant to an agreement, containing provisions relating to the duties, obligations, removal and compensation of the management agent. Except as otherwise provided, decisions and resolutions of the Association shall require approval by a majority of owners.

Section 2. Place of Meetings. Meetings of the Association shall be held at the principal office of the project or such other suitable place convenient to the owners as may be designated by the Board of Directors.

Section 3. Annual Meetings. The first annual meeting of the Association shall be held no later than six (6) months from the date of the close of escrow of the first condominium to be sold at the principal office of the project. Thereafter, the annual meetings of the Association shall be held at a time to be determined by them at the organization meeting. At such meetings there shall be elected by ballot of the owners a Board of Directors in accordance with the requirements of Section 5 of Article VIII of these By-Laws.

The owners may also transact such other business of the Association as may properly come before them. The Board shall give written notice of the annual meeting not less than ten (10) days prior to the date of such meeting by mailing a notice to the last known address of each owner.

Section 4. Special Meetings. Special meetings of the owners may be called at any time for the purpose of considering matters which require the approval of all or some of the owners, or for any reasonable purpose. Said meetings shall be called by written notice, signed by a majority of the Board, or the owners having one-third (1/3) of the total votes and delivered not less than ten (10) days prior to the date fixed in said notice for said meeting by mailing a notice to the last known address of each owner. Said notices shall specify the date, time and place of the meeting, and the matters to be considered thereat.

Section 5. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each owner of record in the manner provided in Sections 3 and 4 of Article VII hereof.

Section 6. Adjourned Meetings. If any meeting of owners cannot be organized because a quorum has not attended, the owners who are present, either in person or by proxy, may adjourn the meeting to a time the original meeting was called, at which meeting, the quorum requirement shall be 5 owners present in person or by proxy.

Section 7. Order of Business. The order of business at all meetings of the owners of units shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers.

- (e) Report of committees.
- (f) Election of inspectors of election.
- (g) Election of directors.
- (h) Unfinished business.
- (i) New business.

ARTICLE VIII
Board of Directors

Section 1. Number and Qualifications. The affairs of the Association shall be governed by a Board of Directors composed of three (3) persons, all of whom must be owners of units in the project.

Section 2. Powers and Duties. The Board of Directors shall have 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 by the owners.

Section 3. Other Duties. In addition to duties imposed by these By-Laws or by resolutions of the Association, the Board of Directors shall be responsible for the following:

- (a) Care, upkeep, maintenance, surveillance, preservation and architectural control of the Condominium and Common Area;
- (b) The enforcement of applicable provisions of the Declaration of Restrictions and the within By-Laws;
- (c) The payment of taxes and assessments which are or could become a lien on the Common Area or some portion thereof;
- (d) Calculating and collecting regular assessments from the owners and enforcement thereof;
- (e) The power to delegate its powers to committees, officers or employees;
- (f) Designation and dismissal of the personnel necessary for the maintenance and operation of the project, the common areas and facilities, and the restricted common areas and facilities;

(g) Contracting for fire, casualty, liability and other forms of insurance on behalf of the owners' association as set forth in the Declaration of Restrictions.

Section 4. Management Agent. The Board of Directors may contract for the Association a management agent to furnish materials and/or services for the Common Area or the Homeowners' Association 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. Provided however, that the term of any service contract shall be limited to a duration of one (1) year.

Section 5. Election and Term of Office. At the first annual meeting of the Association the term of office of the Directors shall be fixed for a period of one (1) year. At the expiration of the initial term of office of each respective Director his successor shall be elected to serve a term of two (2) years. The Directors shall hold office until their successors have been elected and hold their first meeting.

Section 6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote 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 Association.

Section 7. Removal of Directors. At any regular or special meeting duly called, any one or more of the Directors may be removed with or without cause by a majority of the owners and a successor may then be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting.

Section 8. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within seven (7) days of adjournment

of the annual meeting of owners. No notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least one such meeting shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least ten (10) days prior to the day named for such meeting.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President on ten (10) days notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner, and on like notice on the written request of at least two Directors.

Section 11. Waiver of Notice. Before or at any meeting of the Board of Directors any Director may, in writing, waive 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 shall be required and any business may be transacted at such meeting.

Section 12. Board of Directors' Quorum. 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 Board of Directors, there be 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.

Section 13. Fidelity Bonds. The Board of Directors shall 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.

ARTICLE IX Officers

Section 1. Designation. The principal officers of the Association shall be a President, a Vice President, and a Secretary-Treasurer, all of whom shall be elected by and from the Board of Directors. The Directors may appoint an assistant secretary-treasurer and such other officers as in their judgment may be necessary.

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 and shall hold office at the pleasure of the Board.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the 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 called for such purposes.

Section 4. 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 president of an Association, including but not limited to the power

to appoint committees from among the owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be 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 so do 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.

Section 6. Secretary-Treasurer. The Secretary-Treasurer shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Directors may direct; he shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association; he shall be responsible for the deposit of all moneys 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; and he shall, in general, perform all the duties incident to the office of Secretary-Treasurer.

ARTICLE X Obligations of the Owners

Section 1. Assessments. All owners are obligated to pay monthly assessments imposed by the Association to meet all project communal expenses, which may include a liability insurance policy premium and an insurance premium for a policy to cover repair and reconstruction work in case of hurricane, fire, earthquake or other hazard. The assessments shall be made and enforced in the manner stipulated in the Declaration of Restrictions:

Section 2. Maintenance and Repair.

(a) Every owner must perform promptly all maintenance and repair work within his own unit, which if omitted would affect the project in its entirety or in a part belonging to other owners, being expressly responsible for the damages and liabilities that his failure to do so may engender.

(b) All the repairs of internal installations of the unit such as water, light, gas, power, sewage, telephones, sanitary installations, doors, windows, lamps, and all other accessories belonging to the unit area shall be at the owner's expense.

(c) An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common area and facility damaged through his fault.

Section 3. Use of Family Units--Internal Changes.

(a) All units shall be utilized for residential purposes only.

(b) An owner shall not make structural modifications or alterations in his unit or installations located therein without previously notifying the Association in writing, through the Management Agent, if any; or through the President of the Board of Directors, if no management agent is employed. The Association shall have the obligation to answer within thirty (30) days and failure is no objection to the proposed modification or alteration.

Section 4. Use of Common Areas and Facilities and Restricted Common Areas and Facilities.

(a) An owner shall not place or cause to be placed in the lobbies, vestibules, stairways, and other project areas and facilities of a similar nature both common and restricted, any furniture, packages or objects of any kind. Such areas shall be used for no other purpose than for normal transit through them.

Section 5. Right of Entry.

(a) An owner shall grant the right of entry to the management agent or to any other person authorized by the Board of Directors

or the Association in case of any emergency originating in or threatening his unit, whether the owner is present at the time or not.

(b) An owner shall grant the right of entry to the management agent or to any other person authorized by the Board of Directors or the Association, to enter his unit when necessary in connection with construction, maintenance or repair for the benefit of the Common Area or the owners in common provided requests for entry are made in advance and that such entry is at a time convenient to the owner. In case of an emergency, such right of entry shall be immediate.

Section 7. Rules of Conduct.

(a) No resident of the project shall post any advertisements or posters of any kind in or on the project except as authorized by the Association, and as permitted by the Declaration of Restrictions

(b) Residents shall exercise extreme care about making noises or the use of musical instruments, radios, television and amplifiers that may disturb other residents. Keeping domestic animals will be subject to the conditions as set forth in the Declaration of Restrictions.

(c) It is prohibited to hang garments, rugs, etc., from the windows or from any of the facades of the project.

(d) It is prohibited to dust rugs, etc., from the windows, or to clean rugs, etc., by beating on the exterior part of the project

(e) It is prohibited to throw garbage or trash outside the disposal installations provided for such purposes in the service areas.

(f) No owner, resident or lessee shall install wiring for electrical or telephone installation, television antennae, machines or air conditioning units, etc., on the exterior of the project or that protrude through the walls or the roof of the project except as authorized by the Association.

ARTICLE XI
Amendments to Plan of Apartment Ownership

Section 1. By-Laws. These By-Laws may be amended by the Association in a duly constituted meeting for such purpose and no amendment shall take effect unless approved by a majority of owners.

ARTICLE XII
Mortgagees

Section 1. Notice to Association. An owner who mortgages his unit, shall notify the Association through the Management Agent, if any, or the President of the Board of Directors in the event there is no Management Agent, the name and address of his mortgagee; and the Association shall maintain such information in a book entitled "Mortgagees of Units".

Section 2. Notice of Unpaid Assessments. The Association shall at the request of a mortgagee of a unit report any unpaid assessments due from the owner of such unit.

ARTICLE XIII
Compliance

These By-Laws are set forth to comply with the requirements of the following statutes: Sections 21000 through 24007 of the Corporations Code of the State of California as amended. In any case any of these By-Laws conflict with the provisions of said statutes, it is hereby agreed and accepted that the provisions of the statute will apply.