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BY-LAWS
OF
BEACHWALK
HOMEOWNERS ASSOCIATION

ARTICLE I
OFFICES

The principal office of the Association for the transaction of its business is located in the City of Huntington Beach, County of Orange, State of California. The Board of Directors may change the principal office from one location to another within said County, and meetings of members and directors may be held at such places within the State of California, County of Orange, as may be designated by the Board of Directors.

ARTICLE II
MEMBERS

Section 1. Classes of Membership. The membership of the Association shall consist of the classes as set forth in the Articles of Incorporation.

Section 2. Qualifications. Every owner of a lot within the Huntington Seacliff Townhomes Planned Residential Development (PRD), which is sometimes referred to as Beachwalk/Huntington Seacliff, in Huntington Beach, California, shall automatically be a member of the Association.

Section 3. Termination of Membership. Membership in the Association shall terminate on the death of the member or on his ceasing to be the owner of a lot within the PRD, as same may be expanded.

Section 4. Assignability of Membership. Membership in the Association shall not be transferable or assignable provided, however, that when any member sells, transfers or otherwise disposes of his lot within the PRD which qualifies

him for membership, the membership shall and does automatically transfer to the purchaser or transferee.

ARTICLE III

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first meeting of members shall be held within six (6) months after the sale of the first unit constructed upon the PRD, or within thirty (30) days after the close of escrow for the sale of a majority of the units in Parcel 1 described in the Declaration of Covenants, Conditions and Restrictions, whichever first occurs. Thereafter, regular meetings of members shall be held as provided in paragraph 5 of the Declaration of Covenants, Conditions and Restrictions applicable to the PRD.

Section 2. Special Meetings. Special meetings of members may be called and held at such times and places as may be determined by the Board of Directors. Special meetings of the members may be called by the President or by the Board of Directors upon the written request of the members who are entitled to vote not less than twenty-five per cent (25%) of all of the votes of the Class A membership.

Section 3. Notice of Meetings. Any notice permitted or required to be delivered as provided in these By-Laws may be delivered either personally or by mail. If delivery is made by mail, such notice shall be deemed to have been delivered to a person twenty-four (24) hours after a copy of it was deposited in the United States mail, postage prepaid,

certified or registered, addressed to such person at the address given by him to the Board of Directors for the purpose of such service of notice, or at the address of the unit owned or represented by such person, if no other address had been given to the Board of Directors. Such address may be changed from time to time by written notice delivered to the Board of Directors in accordance with the foregoing. Written notice shall be delivered by the Board of Directors at each regular and special meeting of the voting owners and Board of Directors, at least ten (10) days prior to any regular meeting, and at least fifteen (15) days prior to any special meeting, and not earlier than forty-five (45) days prior to any meeting. Each such notice shall specify the time, place and date of the meeting, and the general nature of the business to be transacted at each special meeting.

Section 4. Quorum. The presence in person or by proxy of members holding at least fifty per cent of the voting power of the Association shall constitute a quorum for any action, except as otherwise provided in the Articles of Incorporation, the Declaration of Covenants, Conditions and Restrictions, or these By-Laws. In the absence of a quorum, any meeting of members may be adjourned from time to time by the vote of a majority of the members in good standing present in person or by proxy, but no other business shall be transacted. When a meeting of members is adjourned for thirty (30) days or more, notice

of the adjourned meeting shall be given as in the case of the original meeting. When a meeting is adjourned for less than thirty (30) days it is not necessary to give any notice of the time and place of the adjourned meeting or the business to be transacted thereat other than by announcement at the meeting at which the adjournment is taken. 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 of enough members to leave less than a quorum.

Section 5. Proxies. Members may vote in person or by written proxy executed and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his interest in the PRD.

Section 6. Conduct of Meetings. Meetings of members shall be presided over by the Chairman of the Association or, in his absence, by the Vice Chairman, or in the absence of both, by the Treasurer. The Secretary of the Association shall act as Secretary of all meetings of members, provided that in his absence the presiding officer shall appoint another person to act as Secretary of the meeting.

ARTICLE IV DIRECTORS

Section 1. Number. The Association shall have seven (7) directors. The first Board of Directors need not consist of members of the Association, but thereafter all directors shall be members of the Association, and reside within the PRD.

Section 2. Powers. The directors shall, subject to the limitations set forth in the Articles of Incorporation, Declaration of Covenants, Conditions and Restrictions, and these By-Laws, as the foregoing may be amended from time to time,

exercise the powers of the Association, control its property, and conduct its affairs.

Section 3. Meeting of Directors.

(a) Regular Meeting. Regular meetings of the Board of Directors shall be held monthly on the second Monday of each month, at 7:30 o'clock P.M., at the PRD, or at such other reasonable time, place (within the County of Orange) and/or date (not exceeding ten [10] days before or after such date) as may be designated by the Board of Directors.

(b) Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chairman or any two (2) directors.

(c) Notice. Notice of the time and place of the meetings shall be given by or at the direction of the Secretary to each director personally or by mail addressed to him at the addresses as appear on the books of the Association at least ten (10) days prior to any regular meeting, and at least fifteen (15) days prior to any special meeting, and not earlier than forty-five (45) days prior to any meeting.

(d) Quorum. A majority of directors shall constitute a quorum for the transaction of business.

(e) Conduct of Meetings. Meetings of directors shall be presided over by the Chairman of the Association or in his absence by the Vice Chairman or, in the absence of both, by the Treasurer. The Secretary of the Association shall act as Secretary of the Board, provided, however, that in the

absence of the Secretary the presiding officer shall appoint a person to act as Secretary for the meeting.

(f) Majority Action. Every act or decision done or made by a majority of the directors present at any meeting duly held at which a quorum is present is the act of the Board of Directors, unless the law, the Articles of Incorporation, or these By-Laws require a greater number.

Section 4. Board Action Without Meeting. Any action required or permitted to be taken by the Board of Directors under any provision of law, the Articles of Incorporation, these By-Laws, or the Declaration of Covenants, Conditions and Restrictions, as the foregoing may be amended from time to time, may be taken without a meeting, if all members of the board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the Minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as the unanimous vote of such directors. Any certificate or other document filed under any provision of law which relates to action so taken shall state that the action was taken by the unanimous written consent of the Board of Directors without a meeting and that the By-Laws of the Association authorize the Directors to so act, and such statement shall be prima facie evidence of such authority.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting.

The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members.

Section 2. Election. Election to the Board of Directors shall be by a secret written ballot cast by the members or their proxies. All such elections shall be made by cumulative voting. Each member shall have the right to give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which he is entitled, or to distribute his votes on the same principle among any number of the remaining candidates. The persons receiving the largest number of votes shall be elected.

Section 3. Removal of Directors. The entire Board of Directors, or any individual director, may be removed from office at any time in the manner and subject to the provisions set forth in paragraph 6 of the Declaration of Covenants, Conditions and Restrictions. If any or all directors are so removed, new directors may be elected as set forth in said paragraph 6.

Section 4. Non-Liability of Directors. The directors shall not be personally liable for the debts, liabilities or other obligations of the Association.

Section 5. Indemnity by Association. Should any person be sued, either alone or with others, because he is or was a director, officer or an employee of the Association, and any proceeding arising out of his alleged misfeasance or nonfeasance of the performance of his duties or out of any alleged wrongful act against the Association or by the Association, an indemnity for his reasonable expenses, including attorneys' fees, incurred in the defense of the proceeding, may be assessed against the Association. The amount of such indemnity shall be so much of the expenses, including attorneys' fees, as the court determines and finds to be reasonable.

ARTICLE VI

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

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

(b) suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration of Covenants, Conditions and Restrictions;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

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

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

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration of Covenants, Conditions and Restrictions, to:

(1) fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period;

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

(3) foreclose the lien against any property

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

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificates shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance on property owned by the Association;

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

(g) cause the real property of the Association to be maintained.

ARTICLE VII

OFFICERS

Section 1. Enumeration of Offices. The officers of this Association shall be a Chairman and Vice Chairman, who shall at all times be members of the Board of Directors, a secretary and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election and Term of Office. Officers shall be elected annually by the Board of Directors at the first regular meeting of the Board following the annual election of directors, and each officer shall hold office until he resigns, or is removed, or is otherwise disqualified to serve, or until his successor shall be elected, whichever occurs first.

Section 3. Removal and Resignation. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the

Board, the Chairman or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4. Vacancies. A vacancy in any office caused by death, resignation, removal, disqualification, or otherwise shall be filled by the Board of Directors for the unexpired portion of the term.

Section 5. Special Appointments. The Board may elect such officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 6. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 5 of this Article.

Section 7. Duties. The duties of the offices are as follows:

Chairman

(a) The Chairman shall preside at meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice Chairman

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

Secretary

(c) The Secretary shall keep the minutes of all

meetings of the members and of the Board of Directors and shall be the custodian of all corporate records. He shall also keep at the principal office of the Association a membership book containing the name and address of each member of the Association. The Secretary shall record the votes taken at all meetings and proceedings of the Board and of the members; shall keep the corporate seal of the Association and affix it on all papers requiring said seal; and shall serve notice of meetings of the Board and of the members, and shall perform such other duties as may be required from time to time by the Board of Directors.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; shall keep proper books of account; shall cause an annual accounting or audit (as determined by the Board of Directors) of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members of the Association.

Section 8. Compensation of Officers. Officers of the Association shall serve without compensation except that they shall be allowed and paid their actual and necessary expenses incurred on behalf of the Association.

ARTICLE VIII

COMMITTEES

The Association shall appoint an Architectural Control Committee, and a Nominating Committee. In addition, the Board of Directors shall appoint other committees, as deemed appropriate from time to time in carrying out its purposes and duties.

ARTICLE IX

INSTRUMENTS, DEPOSITS AND FUNDS

Section 1. Contracts. The Board of Directors may authorize any officer or agent of the Association, in addition to the officers so authorized by these By-Laws, to enter into any contract or execute and deliver any instrument in the name of, and on behalf of, the Association, and such authority may be general or confined to specific instances. Unless so authorized no officer, agent or employee shall have any power or authority, except as in these By-Laws provided, to bind the Association by any contract or engagement or to pledge its credit or to render it liable pecuniarily for any purpose and for in any amount.

Section 2. Checks. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by the Treasurer and counter-signed by the President unless otherwise directed by resolution of the Board of Directors.

Section 3. Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association at such bank, trust companies or other depositories as the Board of Directors may select.

ARTICLE X

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. There shall be an annual independent examination or audit of the account or accounts of the management body and a copy of such report shall be furnished to each member within thirty (30) days from completion thereof. The Articles of Incorporation, By-Laws of the Association, Declaration of Covenants, Conditions and Restrictions pertaining to the

-PRD, shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI

ASSESSMENTS

As more fully provided in the Declaration of Covenants, Conditions and Restrictions pertaining to the PRD, each member of the Association is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the unit against which the assessment is made.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: "BEACHWALK HOMEOWNERS ASSOCIATION."

ARTICLE XIII

AMENDMENTS

These By-Laws may be amended by the vote or written assent of members entitled to exercise a majority of the voting power of the Association, or by the vote of a majority of a quorum at a meeting duly called and noticed for the purpose, and subject to the power of the members to change or repeal them, and subject to the Articles of Incorporation of the Association and to law, by the vote of the majority of the directors. In the case of a conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration of Covenants, Conditions and Restrictions and these By-Laws, the Declaration shall control.

ARTICLE XIV

FISCAL YEAR

The fiscal year of the Association shall begin

on the ____ day of _____, and end on the ____ day
of _____, of every year, except that the first fiscal year
shall begin on the date of incorporation.

CERTIFICATE OF ADOPTION OF BY-LAWS OF
BEACHWALK HOMEOWNERS ASSOCIATION

Adoption by Board of Directors

The undersigned, being all of the persons appointed in
the Articles of Incorporation to act as the first Board of Directors
of the above-named Association (or being their duly appointed
successors) hereby assent to the foregoing By-Laws, and adopt the
same as the By-Laws of said corporation.

IN WITNESS WHEREOF, we have hereunto set our hand this
____ day of _____, 1972.

Thomas L. Hill
THOMAS L. HILL
Matthew Loonin
MATHEW LOONIN
Herbert L. Witty
HERBERT L. WITTY
Orlando P. Meiga
ORLANDO P. MEIGA
Karen H. Crabtree
KAREN H. CRABTREE
Olen W. Crabtree
OLEN W. CRABTREE
Robert A. Bailey
ROBERT A. BAILEY

Certificate by Secretary of Adoption by Directors

THIS IS TO CERTIFY that I am the duly elected, qualified
and acting secretary of the above-named Association and that the
above and foregoing By-Laws were adopted as the By-Laws of said
corporation on the date set forth above by the persons appointed
in the Articles of Incorporation to act as the first directors of
said Association, or their duly appointed successors.

IN WITNESS WHEREOF, I have hereunto set my hand this
____ day of _____, 1972.

Secretary