EXHIBIT "D"

BYLAWS

OF

BAHIA ARENOSA OWNERS ASSOCIATION

ARTICLE I

PLAN OF CONDOMINIUM OWNERSHIP

Section 1. Name. The name of the corporation is

BAHIA ARENOSA OWNERS ASSOCIATION

hereinafter referred to as the "Association." The principal office of the corporation shall be located in Orange County (hereinafter referred to as "said County"), California.

Section 2. Condominium Ownership. The project located within the following real property:

> Lot 1 of Tract 7539, City of San Clemente, County of Orange, State of California, as recorded in Book 351, Pages 49 and 50 of Miscellaneous Maps, in the Office of the Recorder of Orange County.

is subject to the provisions of Title 6, Part 4, Division Second, of the California Civil Code.

Section 3. Bylaws Applicability. The provisions of these Bylaws are applicable to the project. (The term "project" as used herein shall include said real property and all structures and improvements thereon.)

Section 4. Personal Application. 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 Bylaws attached as Exhibit "D" to the recorded or to be recorded Declaration of Restrictions--(Enabling Declaration Establishing a Plan for Condominium Ownership) applicable to the property or any portion thereof, and as the same may be amended from time to time as therein provided (the "Declaration" herein). The mere acquisition or rental of any of the condominiums of the project or the mere act of occupancy of any of the condominiums will signify that these Bylaws are accepted, ratified, and will be complied with.

ARTICLE II

VOTING, MAJORITY OF OWNERS, QUORUM, PROXIES

Section 1. Voting. Voting shall be on a fractional basis and the fractional vote to which the owner is entitled is that which is assigned to his condominium or condominiums in the Declaration.

Section 2. Majority of Owners. As used in these Bylaws, the term "majority of owners" shall mean those owners holding 51% of the votes in accordance with the voting rights assigned in the Declaration.

Section 3. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of owners holding 50% of the votes in accordance with the voting rights assigned in the Declaration 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.

Section 5. Cumulative Voting. Every condominium owner entitled to vote at any election for Directors of the Association may cumulate his votes and 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 as set forth in the Declaration or he may distribute his votes on the same principle among as many candidates as he thinks fit. Provided, however, at any election for Directors of the Association, at least one Director must be elected by the condominium owners or owner other than the Declarant, regardless of whether such owners or owner could by cumulating their votes otherwise elect a Director.

ARTICLE III

ADMINISTRATION

Section 1. Association Responsibilities. The owners of the condominiums will constitute and be the members of the Association which will have the responsibility of electing a Board of Directors, approving the annual budget, and establishing monthly any special assessments. Except as otherwise provided, decisions and resolutions of the Association shall require approval by a majority of owners present in person or by proxy at any meeting. Provided, however, at any election for Directors of the Association, at least one Director must be elected by the condominium owners or owner other than the Declarant, regardless of whether such owners or owner could by cumulating their votes otherwise elect a Director.

Section 2. Place of Meetings. Meetings of the Association shall be held within the project or at a place which is as close thereto as reasonably possible which shall be designated by the Board of Directors.

Section 3. Annual Meetings. An organizational meeting shall be held as soon as practicable following the incorporation of the Association, and the directors elected thereat shall hold office until the first annual meeting. The first annual meeting of the Association shall be held within six months following the recordation of a deed respecting the sale of the first condominium to a bona fide purchaser thereof. Thereafter, the annual meetings of the Association shall be held each succeeding year within one week before or after the anniversary date of said first annual meeting. At such meeting there shall be elected by ballot of the owners a Board of Directors in accordance with the requirements of Section 5 of Article IV of these Bylaws. The owners may also transact such other business of the Association as may properly come before them.

Section 4. Special Meetings. It shall be the duty of the president to call a special meeting of the owners as directed by resolution of the Board of Directors or upon a petition signed by 25 percent of the owners and having been presented to the secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice, unless by consent of four-fifths of the owners present either in person or by proxy.

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, at least ten (10) but not more than fifteen (15) days prior to such meeting. The mailing of a notice in such manner shall be considered notice served.

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 not less than 48 hours nor more than 30 days from the time the original meeting was called.

Section 7. Order of Business. The order of business at all meetings of the owners 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) Reports of committees;

(f) Election of inspectors of election;

(g) Election of directors;

(h) Unfinished business; and

(i) New business.

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

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of five persons, all of whom must be owners of condominiums in the project or persons acting with the consent of Declarant.

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 Bylaws directed to be exercised and done by the owners. The powers of the Board of Directors shall include, but not be limited to, the following:

(a) Enforce the provisions of the Declaration of Restrictions, Bylaws or other agreement;

(b) Contract for and pay fire, casualty, liability and other insurance insuring the condominium owners;

(c) Contract for and pay maintenance, gardening, utilities, materials and supplies, and services relating to the common area and to employ personnel necessary for the operation of the project, including legal and accounting services (provided, however, that no such contracts shall be for a duration in excess of one year without the approval of a majority of owners);

(d) Pay taxes and special assessments which are, or would become, a lien on the entire project or common area;

(e) Pay for reconstruction of any portion or portions of the project damaged or destroyed which are to be rebuilt;

(f) Delegate its powers;

(g) Enter into any unit when necessary in connection with the maintenance or construction for which the Association is responsible;

(h) Lease, rent or assign parking areas or spaces, if any, of the project; and

(i) Where not separately billed, to pay for any and all types of utility services supplied to more than one condominium and to seek reimbursement from the respective separate owners of condominiums therefor by assessment or otherwise.

<u>Section 3</u>. <u>Other Duties</u>. In addition to the duties imposed by these Bylaws or by resolution of the Association, the Board of Directors shall be responsible for the following:

(a) Care, upkeep, management and maintenance in a first-class condition and a good state of repair, and surveillance of, the project and the common area, including specifically, any portions thereof, if any, used for driveway purposes and any open spaces comprising portions thereof;

(b) Collection of monthly and special assessments from the owners, as provided in the Declaration; and

(c) Designation and dismissal of the personnel necessary for the maintenance and operation of the project and the common area and facilities thereof.

<u>Section 4</u>. <u>Management Agent</u>. The Board of Directors may employ for the Association a management agent or other agent at a compensation established by the Board to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in Section 3 of this Article.

<u>Section 5</u>. <u>Election and Term of Office</u>. At the first annual meeting of the Association new directors shall be elected for a term of one year. 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 of owners duly called, any one or more of the directors may be removed (by cumulative voting as hereinafter described) with or without cause by a majority of the owners and a successor may then and there be elected to fill the vacancy thus created (by cumulative voting as provided in Article II, Section 5). Any director whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting. Provided, however, unless the entire Board is removed, an individual director shall not be removed if the number of votes voted against the resolution for his removal exceeds the quotient arrived at when the total number of votes entitled to vote is divided by one plus the authorized number of directors.

Section 8. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within 10 days of election at such place as shall be fixed by the directors at the meeting at which such directors were elected, and 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 two such meetings 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 three 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 three 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 three 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. Action Without Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

Section 14. 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.

Section 15. Financial Statements. Within sixty (60) days of the accounting dates set forth below, the Board shall provide each condominium owner with a copy of a balance sheet and operating (income) statement as follows:

(a) After an accounting date which is the calendar month end closest in time to six (6) months from the date of closing of the first sale of a condominium unit to an owner other than Declarant, (i) a balance sheet as of said accounting date; and (ii) an operating statement covering the period from such first closing to the aforesaid accounting date. Said operating statement shall include a schedule of assessments received or receivable itemized by condominium unit number and by the name of the person or entity assessed; and

(b) After an accounting date which is the fiscal year end of the Association, a balance sheet as of said fiscal year end and an operating statement for said fiscal year.

ARTICLE V

OFFICERS

Section 1. Designation. The principal officers of the Association shall be a president, a vice president, a secretary, and a treasurer, all of whom shall be elected by and from the Board of Directors. The directors may appoint an assistant secretary 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 any special meeting of the Board called for such purpose.

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 are 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 absent or unable to act. If neither the president nor the vice president is able to act, the Board of Directors shall appoint some other member of the Board to 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. The secretary 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; and he shall, in general, perform all the duties incident to the office of secretary.

Section 7. Treasurer. The treasurer 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 monies and other valuable effects in the name, and to the credit, of the Association in such depositaries as may from time to time be designated by the Board of Directors.

ARTICLE VI

OBLIGATIONS OF THE OWNERS

Section 1. Assessments.

(a) All owners are obligated to pay monthly (and any special) assessments imposed by the Association to meet all communal project 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 pro rata according to the proportionate shares of each condominium owner, as stipulated in the Declaration. Not later than 30 days prior to the beginning of each calendar year, the Association shall estimate the total charges to be assessed against each condominium. Each owner thereof shall thereafter pay to the Association or any agent designated by it his assessment in 12 equal monthly installments, each installment to be paid on or before the 10th day of each month. In the event the Association shall determine that the estimate of total charges for the current year is, or will become, inadequate to meet all expenses of the project for any reason, including non-payment of any owner's assessment on a current basis, it shall immediately determine the approximate amount of such inadequacy and issue a supplemental estimate of the total charges to be assessed against each condominium. The Association may, at its discretion, prorate any such supplemental assessment between the remaining months of the calendar year, or immediately levy a special assessment against each condominium. Each monthly installment shall become delinquent if not paid on or before the 25th day of each month. Each special assessment shall become delinquent if not paid within 10 days after the levy thereof. There shall accrue with each such delinquent monthly installment and with each such delinquent special assessment a late charge of $5.00, together with interest at 6% per annum on such delinquent sums calculated from the date of delinquency to and including the date full payment is received by the Association.

(b) The Board of Directors or the Management Agent of the Association, on behalf of the Association, may cause to be recorded in the Office of the County Recorder of said County a notice of any delinquent sums due the Association from any condominium owner, which notice shall state the amount of such delinquent sums and other authorized charges and interest (including the cost of recording such notice), a sufficient description of the condominium against which the same has been assessed, and the name of the record owner or owners thereof. Upon payment to the Association of such delinquent sums and charges in connection therewith, or other satisfaction thereof, the Board of Directors or Management Agent shall cause to be recorded a further notice stating the satisfaction and release of such delinquent sums and charges. Such notices shall be signed on behalf of the Association by any member of the Board of Directors or by the Management Agent. The Association may demand and receive the cost of recordation of such release before recording same. Any purchaser or encumbrancer, acting in good faith and for value, may rely upon such notice of satisfaction and release as conclusive proof of the full satisfaction of the sums stated in the notice of delinquent sums.

(c) All special assessments must be duly approved by a majority of owners; provided, however, special assessments in excess of $1,000.00 must be approved by 51% of all owners exclusive of Declarant.

(d) All such delinquencies shall be enforced, collected and/or foreclosed in the manner provided in the Declaration. In addition, the Board of Directors or the Management Agent of the Association, on behalf of the Association, may suspend the voting rights and the right to use of the recreational facilities of the common area by an owner for any period during which any assessment against his condominium remains unpaid and, in addition, after a hearing before the Board of Directors held not less than forty-eight (48) hours nor more than fifteen (15) days after written notice thereof to said owner, may also suspend such rights for periods not to exceed 30 days for any infraction of any of the terms of the Declaration or of the Articles of Incorporation, these Bylaws or of the Association's published rules and regulations.

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, air conditioners, sanitary installations, door, 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 30 days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

Section 4. 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 an emergency originating in or threatening his unit, whether the owner is present at the time or not.

(b) An owner shall permit other owners, or their representatives, when so required, to enter his unit for the purpose of performing installations, alterations or repairs to the mechanical or electrical services, provided that requests for entry are made in advance and that such entry is at a time convenient to the owner. In the case of an emergency, such right of entry shall be immediate.

Section 5. 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 or except a sign of customary and reasonable dimensions advertising the unit for sale. Declarant shall have the unrestricted right to advertise any condominiums owned by Declarant in the project for sale or for rent by placing all types of signs upon the common area, or otherwise.

(b) No unit shall be used in any such manner as to obstruct or interfere with the enjoyment by residents of other units or annoy them by unreasonable noises or otherwise; nor shall any nuisance or immoral or illegal activity be committed or permitted to occur. No noxious or offensive activity shall be carried on.

(c) No exterior clothesline shall be erected or maintained and there shall be no drying or laundering of clothes on the balconies, patios, porches or other areas. Dogs, cats or other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose.

(d) 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 buildings of the project or that protrude through the walls or the roof of the buildings except as authorized by the Association.

(e) In order to insure adequate aesthetic controls and to maintain the general attractive appearance of the project, (i) no owner, resident or lessee shall, at his expense or otherwise, construct fences, walls or make any alterations, additions or modifications to any part or portion of the common area, or place or maintain any objects on or about the exterior of any building within the project except as authorized by the Association or Declarant, and (ii) no owner, resident, lessee, invitee or other person, with or without the purported consent or cooperation of any owner, resident or lessee, shall park, store or maintain in or on the project any boats, trailers, campers or other vehicles not customarily used as a means for general transportation. Provided, however, that the temporary parking of the aforesaid boats, trailers, campers or other vehicles not customarily used for means of general transportation for periods of short duration, but not to exceed four hours within any 48 consecutive hour period, as an incident to loading or unloading therefrom shall not be deemed a violation hereof. Provided further, that the Board of Directors of the Association may adopt such additional rules and regulations respecting this provision as from time to time seem in the best interest of the owners.

ARTICLE VII

AMENDMENTS TO PLAN OF APARTMENT OWNERSHIP

These Bylaws and the Declaration referred to in Article I, Section 4, hereof may be amended by the Association in a duly constituted meeting for such purpose or by written consent as provided in Article III, Section 8, hereof. No amendment shall take effect unless (i) as to the Declaration (excluding these Bylaws which form a part thereof), same is approved by owners representing at least 75% of the total voting interest of all condominiums in the project as shown in the Declaration, and (ii) as to these Bylaws, same is approved by owners representing at least 51% of the total voting interest of all condominiums in the project as shown in the Declaration, provided, however, that in any event no such amendment shall take effect unless approved by:

(a) Mortgagees representing at least 75% of the total record value of all first mortgages (meaning any mortgage with first priority over other mortgages) affecting the project; and

(b) The City of San Clemente as to any amendments of Sections 3(a) or 3(b) of Article IV hereof; and

(c) The California Real Estate Commissioner if the adoption of any such amendment would materially change the rights, preferences or privileges of any person, or restrictions upon any condominium affected thereby, as set forth in California Business and Professions Code, Section 11018.7, and if such section is applicable.

No such amendment shall take effect unless it correctly refers to the Declaration by reciting the name of the Declarant, the name of the project, and the recording data pertaining to the Declaration; and, in addition, no such amendment shall take effect until it has been duly recorded in the Office of the County Recorder of said County.

It shall be the responsibility of the Board of Directors to mail a notice of any such amendments to all mortgagees appearing in the book entitled "Mortgagees of Condominiums" referred to in Article VIII hereof; provided, however, that its failure to do so shall not invalidate any such amendment.

ARTICLE VIII

MORTGAGEES

Section 1. Notice to Association. An owner who mortgages his condominium 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, of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgagees of Condominiums." Any such owner shall likewise notify the Association as to the release or discharge of any such mortgage.

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 IX

DEFINITIONS

The following terms, as used in these Bylaws, shall have the same meaning as are applied to such terms in the Declaration: "project," "condominium," "common area," "unit," "mortgage" and "mortgagee."

ARTICLE X

CONFLICTING PROVISIONS

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

ARTICLE XI

RESERVES

Any amounts collected by assessments as referred to in Section 1, Article VI, which exceed the normal expense requirements of the Association shall be deposited by it into an interest-bearing account or accounts for the purpose of establishing a reserve or reserves for and on behalf of the Association, the funds in such reserve account or accounts to be used by the Association for such purposes as it deems appropriate.

EXHIBIT "E"

1. Fidelity bond covering officers and directors of the Association, as well as their employees, as provided in the Bylaws, which bond shall be in an amount not less than $10,000.00 on a "primary commercial blanket bond form."

2. Liability insurance consisting of a comprehensive general liability policy, together with an umbrella policy, with an aggregate limit of liability of not less than $300,000.00 combined single limit, which policy shall embrace the following coverage:

(a) Premises and operations;

(b) Contractual;

(c) Broad form property damage;

(d) Personal injury;

(e) Liquor law liability;

(f) Products and completed operations; and

(g) Non-owned and hired automobile liability and owned automobiles (if any are, in fact, owned by the Association).

3. Workmen's compensation.

Notwithstanding the foregoing, should any of the above insurance be reasonably unavailable to the Association, the Association shall then not be obligated to obtain same.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that:

1. I am the duly elected and acting Secretary of BAHIA ARENOSA OWNERS ASSOCIATION, a California nonprofit corporation; and

2. The foregoing Bylaws, comprising 19 pages, including this page, constitute the Bylaws of the corporation duly adopted at the meeting of the Board of Directors thereof duly held on April 10, 1975.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 10th day of April, 1975.

Thomas C. Black, Secretary