BYLAWS
OF
PACIFICA TERRACE HOMEOWNERS ASSOCIATION

ARTICLE I
NAME AND LOCATION

The name of the Association is the Pacifica Terrace Homeowners Association, hereinafter referred to as "Association." The principal office of the Association shall be located at 124 Idaho Avenue, City of Santa Monica, County of Los Angeles, California. Meetings of members and directors shall be conducted at such principal office or as close thereto as practicable.

ARTICLE II
DEFINITIONS

1. The definitions contained in the Declaration are incorporated by reference herein.

2. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions Establishing a Plan of Condominium Ownership applicable to the property recorded on the 24th day of June, 1980, as Instrument No. 80-567893, Official Records of Los Angeles County.

ARTICLE III
MEETING OF MEMBERS AND VOTING

1. Annual Meeting. The annual meeting of the members shall be held within one (1) year from the date of incorporation of the Association and not later than six (6) months after the close of escrow on the sale of the first unit in the Project and within forty-five (45) days after the closing of the sale of the Project interest which represents the fifty-first (51st) percentile interest authorized for sale under the first final public report for the Project, whichever occurs first. Subsequent annual meetings of the members shall be conducted within thirty (30) days of the same day of the same month of each year thereafter. If the day for the annual meeting is a legal holiday or a Saturday or Sunday, the meeting shall be conducted on the first day thereafter which is not a legal holiday and excluding Saturday and Sunday.

2. Special Meetings. Special meetings of the members may be called at any time by a majority of a quorum of the

Board of Directors or upon written request of the members representing not less than five percent (5%) of the total voting power of the Association.

3. Notice and Place of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting by personal delivery or mailing a copy of such notice, postage prepaid, not less than ten (10) days nor more than ninety (90) days before such meeting and shall be given to each member, addressed to the member's address last appearing on the books of the Association, or supplied to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. Meetings shall be conducted at the principal office of the Association or such other suitable location convenient to the members as may be designated by the Board of Directors.

4. Quorum. The presence either in person or by proxy, at any meeting, or members entitled to cast at least fifty-one percent (51%) of the votes of each class of membership, shall constitute a quorum for any action except as provided in the Declaration or in these Bylaws. If, however, such quorum shall not be present or represented at any meeting, a majority of members entitled to vote thereat shall have power to adjourn the meeting to a date not less than five (5) days and not more than thirty (30) days from the original meeting date, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented. The members present at a duly called or conducted 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; provided that at least twenty-five percent (25%) of the total voting power of the Association remains present in person and/or by proxy and provided further that any action taken shall be approved by at least a majority of the members required to constitute a quorum.

5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and shall be filed with the Secretary at least twenty-four (24) hours before the appointed time of each meeting. Each proxy shall be revocable and shall automatically cease upon conveyance by the member of this Unit or upon receipt of notice by the Secretary of the Board of the death or judicially declared incompetence of a member, or upon the expiration of eleven (11) months from the date of the proxy. Every form of proxy or written ballot which provides an opportunity to specify approval or disapproval of any proposal shall also contain a space indicated "abstain."

6. Membership and Voting. Membership shall be held as provided in the Declaration. The Association shall have two (2) classes of voting membership:

(a) Class A Membership. Class A Members shall be all Owners, except Declarant, and subject to the provisions of the next following sentence, shall be entitled to one (1) vote for each Condominium owned. When more than one (1) person or entity holds an ownership interest in any Condominium, all such persons and entities shall be members. The vote for such Condominium shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Condominium.

(b) Class B Membership. The Class B Members shall be the Declarant and shall be entitled to three (3) votes for each Condominium owned. Said Class B membership shall cease and shall be converted to Class A membership on the earliest to occur of the following events:

(i) When the total votes outstanding in the Class A membership equal to total votes in the Class B membership; or

(ii) Two (2) years from the date of original issuance of the Final Subdivision Public Report with respect to the Project.

Any action by the Association which must have the approval of the members before being undertaken shall require the vote or written assent of at least a majority of each class of membership during the time that there are two outstanding classes of membership.

ARTICLE IV
BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

1. The Association shall have five (5) directors. The number of directors may be changed by approval of the members, provided the number may not be below five (5) if the votes or written consents against such reduction exceeds sixteen and two-thirds percent (16-2/3%) of the votes the members are entitled to cast. The Association's five (5) initial directors need not be members of the Association, until conversion of Class B membership to Class A, after which time all directors must be members of the Association.

2. Term of Office. At the first meeting of the Association, the members shall elect five (5) directors for a term of one (1) year, and at each annual meeting thereafter, the members shall elect five (5) directors for a term of one (1) year.

3. Removal; Vacancies. Unless the entire Board is removed from office by the vote of Association members, an individual director shall not be removed prior to the expiration of his term of office if the number of votes cast against his removal is greater than the quotient arrived at by dividing the total number of votes that may be cast under cumulative voting procedures by a divider equal to one (1) plus the authorized number of directors. The director who was elected solely by the votes of members other than the Declarant may be removed from office prior to the expiration of his term only by the votes of a majority of members other than Declarant. In the event of death, resignation or removal of a director, his successor shall be selected by a majority of the remaining members of the Board or by a sole remaining director, and shall serve for the unexpired term of his predecessor. The members may elect a director at any time to fill any vacancy not filled by the directors.

4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

5. Action Taken Without A Meeting. In an emergency only, 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 force and effect as though it had been taken at a meeting of the directors.

6. Indemnification of Officers and Directors. Each director and officer shall be indemnified by the Association and the members against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him by judgment or settlement in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a director or officer of the Association except in cases of fraud, gross negligence or bad faith of the director or officer in the performance of his duties.

ARTICLE V
NOMINATION AND ELECTION OF DIRECTORS

1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Notice to the members of the meeting shall include the names of all those who are nominees at the time the notice is sent. 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 make as many nominations for election

to the Board of Directors as it may in its discretion determine, but not less than the number of vacancies that are to be filled. All candidates shall have a reasonable opportunity to communicate their qualifications to members and to solicit votes.

2. Election. The first election of the Board shall be conducted at the first meeting of the Association. At such election, the members or their proxies may cast, in respect to each such vacancy, as many votes as they are entitled to cast under the terms of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting shall be utilized during all elections in which two (2) or more positions on the Board are to be filled. Voting for directors shall be by secret ballot. So long as a majority of the voting power of the Association resides in the Declarant, or so long as there are two (2) outstanding classes of membership in the Association, not less than twenty percent (20%) of the members of the Board shall have been elected solely by the votes of the Owners other than the Declarant.

ARTICLE VI
MEETINGS OF DIRECTORS

1. Regular Meetings. Regular meetings of the Board of Directors shall be conducted monthly at such place within the Project and at such hour as may be fixed from time to time by resolution of the Board. If the day for the monthly meeting is a legal holiday or a Saturday or Sunday, the meeting shall be conducted on the first day thereafter which is not a legal holiday and excluding Saturday and Sunday. Notice of the time and place of the meeting shall be posted at a prominent place within the Common Area and shall be communicated to Directors not less than four (4) days prior to the meeting, provided that notice of such meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.

2. Special Meetings. Special meetings of the Board of Directors shall be conducted when called by written notice signed by the president of the Association, or by any two directors other than the president. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be sent to all directors posted at a prominent place within the Common Area not less than seventy-two (72) hours prior to the scheduled time of the meeting.

3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act performed or decision made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

4. Open Meeting. All meetings of the Board shall be open to all members, but members other than directors may not participate in any discussion or deliberation unless expressly so authorized by a majority of a quorum of the Board.

5. Executive Session. The Board may, with approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

ARTICLE VIII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

(a) Maintain the Project in accordance with all of the terms and conditions of the Declaration;

(b) Contract for and maintain insurance as required by Article 15 of the Declaration;

(c) Discharge by payment, if necessary, any lien against the Common Area and assess the cost thereof to the member or members responsible for said lien;

(d) Fix, levy, collect and enforce assessments as set forth in Article 7 of the Declaration;

(e) Pay all expenses and obligations incurred by the Association in the conduct of its business including, without limitation, all licenses, taxes or other governmental charges levied or imposed against the property of the Association;

(f) 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 twenty-five percent (25%) of the Class A members; keep adequate and correct books and records of account, minutes of proceedings of its members, Board and Committees, and a record of its members, giving their names and addresses and classes of membership;

(g) Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed; and

(h) Enforce these Bylaws and the Declaration.

2. Powers. The Board of Directors shall have the power to:

(a) Enforce any and all provisions of the Declaration as set forth therein;

(b) Employ a manager as provided in Paragraph 6.02(c) of the Declaration;

(c) Adopt rules in accordance with Paragraph 6.08 of the Declaration;

(d) Levy and collect assessments and impose fines as provided in Paragraph 7.01 of the Declaration;

(e) Enforce these Bylaws and the Declaration;

(f) Contract for goods and/or services in accordance with Paragraph 6.02 of the Declaration;

(g) Delegate its authority and powers to committees, officers and employees of the Association; and

(h) Limit the number of an Owner's guests who may use the recreational facilities.

3. Prohibited Acts. The Board of Directors shall not take any of the following actions, except with the vote or written consent of a majority of the voting power of the Association residing in members other than Declarant:

(a) Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Area or the Association for a term longer than one (1) year with the following exceptions:

(1) A management contract the terms of which have been approved by the Federal Housing Administration or Veterans Administration;

(2) A contract with a public utility company if the rates charged for the services or materials are regulated by the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate;

(3) Prepaid casualty and/or liability insurance policies of not to exceed three (3) years duration, provided that the policy permits short rate cancellation by the insured.

(b) Incurring aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

(c) Selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

(d) Paying compensation to members of the Board or to officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association;

(e) Levy special assessments which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year; or

(f) Filling of a vacancy on the Board of Directors created by the removal of a Director.

ARTICLE VIII
OFFICERS AND THEIR DUTIES

1. Enumeration of Officers. The officers of this Association shall be a president and a vice-president, who shall at all times be members of the Board of Directors, a secretary and a chief financial officer, and such other officers as the Board from time to time by resolution create.

2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

4. Special Appointments. The Board may elect such other officers, as the affairs of the Board 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.

5. Resignation and Removal. Any officer may be removed from office by the Board with or without cause. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or

at some time thereafter as specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

7. Duties. The duties of the officers are as follows:

(a) President. The president shall preside at all 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 checks and promissory notes.

(b) Vice-President. The vice-president shall act in the place and stead of the president 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.

(c) Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association, together with their addresses, and shall perform such other duties as required by the Board.

(d) Chief Financial Officer. The chief financial officer 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 co-sign all checks and promissory notes of the Association; shall keep proper books of account; shall prepare and distribute financial statements to each member as follows:

(1) A proforma operating budget for each fiscal year shall be distributed not less than sixty (60) days before the beginning of the fiscal year;

(2) A balance sheet as of an accounting date which is the last day of the month closest in time to six (6) months from the date of closing of the first sale of a Unit in the Project, and an operating statement for the period from the date of the first closing to the said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the numbers of the Condominium Units and the name or names of the owners assessed;

(3) An annual report consisting of the following shall be distributed within 120 days after the close of the fiscal year.

(A) A balance sheet as of the end of the fiscal year.

(B) An operating (income) statement for the fiscal year.

(C) A statement of changes in financial position for the fiscal year.

(D) Any information required to be reported under Section 8322 of the Corporations Code.

(4) Ordinarily an external audit by an independent public accountant shall be required for fiscal year financial statements for any fiscal year in which the gross income to the Association exceeds $75,000. The foregoing duties may be delegated to a manager appointed by the Board.

ARTICLE IX
COMMITTEES

The Association shall appoint a Nominating Committee as provided in these Bylaws. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X
BOOKS AND RECORDS

1. Inspection By Members. The membership register, including names, addresses and voting rights, books of account and minutes of the meetings of the members, of the Board, and of Committees shall be made available for inspection and copying by a member of the Association, or his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a member, at the office of the Association or at such other place within the Project as the Board may prescribe.

2. Rules For Inspection. 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.

3. Inspection By Directors. 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 extra copies of documents.

ARTICLE XI
ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association regular and special assessments which are secured by a continuing lien upon the Unit against which the assessment is made. Any assessments which are not paid within thirty (30) days after the due date shall be delinquent and shall bear interest at the rate of ten percent (10%) per annum from the due date until the date paid. The Association may bring an action at law against the Owner personally obligated to pay the same or record a notice of assessment pursuant to Civil Code Section 1356 and foreclose the lien against the Unit, and interest, costs and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Unit.

ARTICLE XII
AMENDMENTS

1. Prior to close of escrow on the sale of the first Unit, Declarant may amend these Bylaws, with the consent of the Department of Real Estate. After sale of the first Unit, these Bylaws may be amended only by the affirmative vote, in person or by proxy or written consent of members representing a majority of a quorum of the Association which shall include a majority of each class of members and at least a majority of the votes of members other than Declarant. However, the percentage of voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage or affirmative votes required for action to be taken under that clause.

2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control, and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control. In case any of these Bylaws conflict with the provisions of the California Condominium Act, the provisions of said Statute shall control.

ARTICLE XIII

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the close of escrow of the first sale of a Unit.

We, the undersigned, being all of the directors of Pacifica Terrace Homeowner's Association, do hereby certify:

That we are entitled to exercise all of the voting power of said corporation;

That we hereby assent to the within and foregoing Bylaws and hereby adopt the same as the Bylaws of said corporation.

IN WITNESS WHEREOF, we have hereunto subscribed our names this 4th day of June, 1980.

Richard D. Freer

I, the undersigned, the duly elected and acting secretary of Pacifica Terrace Homeowners Association, a California corporation, do hereby certify:

That the within and foregoing Bylaws were adopted as the Bylaws of said corporation on the _____ day of _____, 19_____, and that the same do now constitute the Bylaws of said corporation.

IN WITNESS WHEREOF, I have hereunto subscribed my name this _____ day of _____, 19_____.

_____
Secretary