

Master

BY-LAWS
OF
BROADMOOR HUNTINGTON HARBOUR
COMMUNITY ASSOCIATION

ARTICLE I

NAME AND LOCATION

The name of the corporation is Broadmoor Huntington Harbour Community Association, a California nonprofit corporation.

The principal office of the corporation shall be located in the County of Orange, State of California.

ARTICLE II

DEFINITIONS

Section 1. "Declarant" shall, subject to the terms and provisions of the Declaration, including, without limitation, Section 12 of Article I, mean and refer to Broadmoor Homes, Inc., a California corporation, its successors and assigns and Broadmoor Grimaud, a California limited partnership.

Section 2. "Declaration" shall mean and refer to that certain Declaration of Covenants, Conditions and Restrictions for Broadmoor Huntington Harbour recorded _____, 1977, in Book _____, Page _____, Official Records of Orange County, California, as the same may be supplemented and/or amended, changed or modified from time to time.

Section 3. The definitions contained in Sections 1 through 28, inclusive, of Article I of the Declaration are incorporated herein by reference.

ARTICLE III

MEMBERSHIP

Section 1. Membership. Every person or entity who is a record owner of a fee interest in any Lot or a Condominium which is subject by the Declaration to assessment by the Association shall be a Member of the Association. Any person or entity having any such interest merely as security for the performance of an obligation shall not be a Member. Membership and the right to vote shall be appurtenant to and may not be separated from the fee ownership of any Lot or Condominium which is subject to assessment by the Association. Ownership of such Lot or Condominium shall be the sole qualification for membership in the Association.

Section 2. Transfer. The membership held by any record owner of a Lot or Condominium shall not be transferred, pledged or alienated in any way, except upon the sale of such Lot or Condominium and then only to the purchaser or assignee thereof. Any attempt to make a prohibited transfer will be void and will not be reflected upon the books or records of the Association. In the event any Owner shall fail or refuse to transfer the membership registered in his name to the purchaser of his Lot or Condominium, the Association shall have the right to record the transfer upon the books of the Association.

Section 3. Assessments.

(a) Payment of Assessments. The rights of membership in the Association are subject to the payment of Assessments levied by the Association. In accordance with Articles V and VI of the Declaration, Assessments shall be a charge on the real property and shall be a continuing lien upon the Lot or Condominium against which each such Assessment is made and shall be the personal obligation of the person or entity who was the Owner of such Lot or Condominium at the time when the Assessment fell due.

(b) Uniform Rate. All R-1 Regular, Capital Improvement, Reconstruction and Boat Dock Assessments shall be fixed at a uniform rate for all Lots within the R-1 Property and all Condominium Regular, Capital Improvement and Reconstruction Assessments shall be fixed at a uniform rate for all Condominiums.

Section 4. Suspension of Membership. The voting rights and the right to use and enjoyment of the Recreation Area of any Member (otherwise entitled to such use), his Family and his guests, may be suspended, subject to the provisions of Section 5(c) of this Article III, by action of the Board during any period when Assessments owing by such Member remain unpaid and delinquent but, upon payment of such Assessments, his rights and privileges shall be automatically restored.

Section 5. Association Rules; Enforcement. The following provisions shall govern the promulgation of the Association Rules which may include the establishment of a system of fines and penalties:

(a) The Board in its discretion shall recommend to the Association such rules and regulations as are consistent with and in furtherance of existing law, the Declaration, the Articles and these By-Laws. Upon the vote or written consent of a majority of the voting power of the members of the Board, such rules and regulations shall take effect as the Association Rules.

(b) The Board in its discretion shall have the power to adopt a list of specific fines and penalties for the violation by any Member of the provisions of the Declaration, the Articles, these By-Laws and the Association Rules. Upon the vote or written consent of a majority of the members of the Board, such fines and penalties shall be binding on all Members and shall be enforceable by the Board as a Special Assessment. Such a remedy shall not be deemed to be exclusive and the Board shall have such other remedies as are provided for by applicable law, the Declaration, the Articles, these By-Laws and the Association Rules.

(c) Any Association Rules promulgated pursuant to this Section shall provide that no fine or penalty shall be levied without the following procedural safeguards:

(i) A written statement of the alleged violations shall be provided to any Member against whom such charges are made and such written statement shall provide a date on which the charges shall be heard;

(ii) No proceedings under this Section shall be brought against any Member unless such Member shall have received a written statement of charges at least thirty (30) days prior to that hearing;

(iii) No proceeding shall be brought against any Member more than sixty (60) days after such Member is provided a written statement of charges;

(iv) The Board shall appoint a panel of three (3) capable persons (one of whom shall be designated a chairman) who may or may not be Members and who shall hear the charges and evaluate the evidence of the alleged violation;

(v) At such hearing the Member so charged shall have the right to present oral and written evidence and to confront and cross-examine adverse witnesses;

(vi) The panel shall deliver to the Member so charged within seven (7) days after the hearing a written decision which specifies the fines or penalties levied, if any, and the reasons therefor.

(d) In the event that a Member shall correct an alleged violation prior to the hearing date, the Board shall discontinue the proceedings.

ARTICLE IV

VOTING RIGHTS

Section 1. Classes. The Association shall have two classes of voting membership:

(a) Class A. Class A Members shall be all those Owners entitled to membership as defined in Section 1 of Article III hereof, with the exception of Declarant. Class A Members shall be entitled to one (1) vote for each Lot or Condominium in which they hold the interest required for membership by Section 1 of Article III hereof. When more than one person holds such interest in any Lot or Condominium, all such persons shall be Members, and the vote

for such Lot or Condominium shall be exercised as they determine among themselves, but in no event shall more than one vote be cast with respect to any such Lot or Condominium. Any votes cast with regard to any such Lot or Condominium in violation of this provision shall be null and void.

(b) Class B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to three (3) votes for each Lot or Condominium in which it holds the interest required for membership by Section 1 of Article III hereof; provided that the Class B membership shall forever cease and become converted to Class A membership on the happening of any of the following events, whichever occurs earliest:

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

(ii) On the second anniversary of the date of the original issuance by the California Department of Real Estate of the most-recently-issued final subdivision public report with respect to any portion of Broadmoor Huntington Harbour; or

(iii) On the fourth anniversary of the date of the original issuance by the California Department of Real Estate of a final subdivision public report for the R-1 Property.

Section 2. Restrictions on Voting Rights. The voting rights of both classes of membership shall be subject to the restrictions and limitations provided in the Declaration, the Articles and these By-Laws.

ARTICLE V

PROPERTY RIGHTS IN THE RECREATION AREA

AND STREET AREA

Section 1. Each Member who owns a Condominium, and only such Members, shall be entitled to the use and

enjoyment of the Recreation Area and facilities thereon as provided in Article IV of the Declaration. Every Member shall have a right and easement of access, use and enjoyment in and to the Street Area as provided in Article IV of the Declaration.

Section 2. Subject to Section 3 of Article IV of the Declaration, any Member who owns a Condominium may delegate his rights of use and enjoyment of the Recreation Area and facilities thereon to the members of his Family, his tenants and contract purchasers who reside in his Residential Element. Such Member shall notify the Secretary in writing of the name of any such person or persons and of the relationship of the Member to such person or persons. The rights and privileges of such persons are subject to suspension under Article III, Section 4 hereof, to the same extent as those of the Member.

ARTICLE VI

MEETINGS OF MEMBERS

Section 1. Place of Meetings. All annual and other meetings of Members shall be held within Broadmoor Huntington Harbour, or at such other meeting place, which may be designated by the Board, which is as close thereto as possible, within the County of Orange.

*organizational meeting
Feb 27, 79*
Section 2. Annual Meetings. The first annual meeting of the Members shall be held within forty-five (45) days after fifty-one percent (51%) of the Lots within the R-1 Property have been sold, but in no event shall said meeting be held later than six months after the sale of the first Lot, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 8:00 o'clock p.m. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 3. Special Meetings. Special meetings of the Members shall be promptly called by the Board upon the vote for such a meeting by a majority of a quorum of the

Board or upon the written request of one or more Members holding not less than twenty-five percent (25%) of the voting power of the entire membership or holding not less than fifteen percent (15%) of the voting power held by Members other than Declarant.

*Notice
15/60*

Section 4. Notice of Meeting. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary, or other person authorized by the Board to call the meeting, by mailing a copy of such notice, postage prepaid, ~~at least fifteen (15) days, but not more than sixty (60) days,~~ before such meeting, to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member 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. If the Member supplies no address, notice shall be deemed to have been given him if mailed to the place where the principal office of the Association is situated, or published at least once in some newspaper of general circulation in the County of Orange.

*Quorum
50%*

Section 5. Quorum and Adjournment. At the first meeting duly called, the presence thereat of Members or proxies entitled to exercise not less than fifty percent (50%) of the voting power of the membership shall constitute a quorum for the transaction of business. 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.

If a quorum is present, the meeting may be adjourned from time to time by the vote of a majority of the Members present in person or by proxy and entitled to vote thereat. If the meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting other than by announcement at the meeting at which such adjournment is taken.

If the required quorum is not present or represented at the meeting, the Members entitled to vote thereat

may adjourn the meeting (but may not transact any other business), without notice, to a time not less than five (5) days nor more than thirty (30) days from the time the preceding meeting was called, and the required quorum at any such subsequent meeting shall be twenty-five percent (25%) of the total voting power of the Association.

Except where a greater portion of the voting power is required by the Articles, the Declaration or these By-Laws, a majority of the voting power present, in person or by proxy, shall prevail at all meetings.

Section 6. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Condominium or Lot.

Section 7. Entry of Notice. Whenever any Member entitled to vote has been absent from any meeting of Members, whether annual or special, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such meeting was given to such Member or Members as required by law and by the Articles, the Declaration and these By-Laws.

Section 8. Voting Cumulative. Voting may be viva voce or by ballot; provided, however, that all elections for directors must be by secret ballot upon demand made by any Member at any election before the voting begins. Every Member entitled to vote at any election for directors of this Association shall have the right to 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, or to distribute his votes on the same principle among as many candidates as he shall think fit. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected.

Section 9. Consent of Absentees. The transaction of business at any meeting of Members, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the Members entitled to vote, not present in person or by proxy, signs a written waiver of notice, or a consent to a holding

of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 10. Action Without Meeting. Any action which under the provisions of the laws of the State of California may be taken at a meeting of the Members, may be taken without a meeting, if authorized by a writing signed by all of the Members who would be entitled to vote at a meeting for such purpose, or such other lesser percentage of Members who would be entitled to vote at a meeting for such purpose as may be stated in the California Corporations Code, and filed with the Secretary of the Association.

Section 11. Special Election of Director. At any meeting of Members at which directors are to be elected, from the first election of the directors of the Board and thereafter for so long as a majority of the voting power of the Association resides in the Declarant or so long as there are two 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 Members other than Declarant. At any meeting of Members at which directors are to be elected while a majority of the voting power of the Association resides in the Declarant or while there are two outstanding classes of membership, a special election of directors shall be conducted, if necessary, in order to comply with the requirement that twenty percent (20%) of the members of the Board shall have been elected solely by the votes of Members other than Declarant. Said special election shall be conducted in accordance with the following procedures:

(a) Nominations for election to the Board shall be made from the floor only by said Members (excluding Declarant);

(b) Such nominations may be made from among Members or non-members;

(c) The nominee or nominees receiving the highest number of votes shall be elected;

(d) The Declarant shall not vote at said election;

(e) Any such special election shall be held immediately prior to the regular election of directors at the same meeting. At the regular election the number of directors to be elected shall be reduced accordingly so that the total number of directors elected at the special and regular elections will equal the number of directors to be elected at the meeting but in all other respects such regular election shall be held and conducted in the normal manner in accordance with the provisions of these By-Laws. All Members (including those voting at the special election) shall be entitled to vote at the regular election.

(f) Directors elected to the Board solely by the votes of Members other than Declarant may be removed from the Board prior to the expiration of their term on the Board only by the vote of Members, other than Declarant, holding not less than fifty-one percent (51%) of the voting power of the Association.

Section 12. Election of Director by R-1 Owners.
From and after the date upon which there ceases to be two outstanding classes of membership in the Association (the "Termination Date"), one of the members of the Board shall be elected solely by the votes of Members who own Lots in the R-1 Property (the "R-1 Members"). At any meeting of Members after the Termination Date at which directors are to be elected, a special election of directors shall be conducted, if necessary, in order to comply with the foregoing requirement that one of the members of the Board shall have been elected solely by the votes of the R-1 Members. Said special election shall be conducted in accordance with the following procedures:

(a) Nominations for election to the Board shall be made from the floor only by the R-1 Members (excluding Declarant);

(b) Such nominations may be made from among Members or nonmembers;

(c) The nominee receiving the highest number of votes shall be elected;

(d) The Declarant shall not vote at said election;

(e) Any such special election shall be held immediately prior to the regular election of directors at the same meeting. At the regular election the number of directors to be elected shall be reduced accordingly so that the total number of directors elected at the special and regular elections will equal the number of directors to be elected at the meeting; in all other respects, such regular elections shall be held and conducted in the normal manner in accordance with the provisions of these By-Laws. All Members (including those voting at the special election) shall be entitled to vote at the regular election;

(f) A director elected to the Board solely by the votes of R-1 Members may be removed from the Board prior to the expiration of his term on the Board only by the vote of R-1 Members, other than Declarant, holding not less than fifty-one percent (51%) of the voting power of such Members.

ARTICLE VII

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of five (5) directors, who need not be Members of the Association.

Section 2. Election. The directors shall be elected at each annual meeting. If any annual meeting is not held, or the directors are not elected thereat, the directors may be elected at any special meeting of Members held for that purpose. All directors shall hold office until their respective successors are elected.

Section 3. Vacancies. Vacancies in the Board may be filled by a majority of the remaining directors, though less than a quorum, and each director so elected shall hold office for the unexpired term of his predecessor and until his successor is elected at an annual meeting of Members, or at a special meeting called for that purpose.

Subject to the provisions of Sections 11(f) and 12(f) of Article VI hereinabove, any director may be removed from the Board, with or without cause, by a vote of the Members cast in the same manner as such votes may be cast for the election of directors as set forth in these By-Laws; provided, however, unless the entire Board is removed from office by vote of the Members, a director shall not be removed from the Board prior to the expiration of his term as a director 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 the cumulative voting procedures provided for in these By-Laws by a divisor equal to one (1) plus the authorized number of directors.

A vacancy or vacancies shall be deemed to exist in case of the death, resignation, or removal of any director, or if the Members shall increase the authorized number of directors but shall fail at the meeting at which such increase is authorized, or at an adjournment thereof, to elect the additional directors so provided for, or in case Members fail at any time to elect the full number of authorized directors.

The Members may at any time elect directors to fill any vacancy not filled by the directors, and may elect the additional directors at the meeting at which an amendment of the By-Laws is voted authorizing an increase in the number of directors.

If any director tenders his resignation to the Board, the Board shall have power to elect a successor to take office at such time as the resignation shall become effective.

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

ARTICLE VIII

NOMINATION OF DIRECTORS

Nomination for election to the Board shall be made by a Nominating Committee. Nominations may also be made

from the floor at the annual meeting or special meeting as the case may be. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting to serve from the close of such annual meeting until the close of the next annual meeting. The Nominating Committee shall make as many nominations for election to the Board 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 or non-members.

ARTICLE IX

MEETING OF DIRECTORS

Section 1. Place of Meeting. Regular and special meetings of the Board shall be held at any place within Broadmoor Huntington Harbour which has been designated from time to time by resolution of the Board or by written consent of all members of the Board.

Section 2. Organization Meeting. Immediately following each annual meeting of Members, the Board shall hold a regular meeting for the purpose of organization, election of officers, and the transaction of other business. Notice of such meetings is hereby dispensed with.

Section 3. Other Regular Meetings. Other regular meetings of the Board shall be held at least once every three (3) months at such time and place within Broadmoor Huntington Harbour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day thereafter ensuing which is not a legal holiday. Notice of the time and place of such meetings shall be posted at a prominent place or places within the Recreation Area.

Section 4. Special Meetings. Special meetings of the Board for any purpose or purposes may be called at any time by the President of the Association, or by any two directors other than the President.

Written notice of special meetings, specifying the time and place of the meeting and the nature of any special business to be considered, shall be delivered personally to the directors or sent to each director by letter or by telegram, charges prepaid, addressed to him at his address as it is shown upon the records of the Association, or if it is not so shown upon the said records or is not readily ascertainable, at the place in which the meetings of the directors are regularly held. Said notice shall be posted in a prominent place or places within the Recreation Area at least seventy-two (72) hours prior to the scheduled time for such meeting. In case such notice is mailed or telegraphed, it shall be deposited in the United States mail or delivered to the telegraph company in the county in which the principal office of the Association is located at least forty-eight (48) hours prior to the time of the holding of the meeting. In case such notice is delivered personally to any director as above provided, it shall be so delivered at least twenty-four (24) hours prior to the time of the holding of the meeting. Such mailing, telegraphing, or delivery as above provided shall be due, legal, and personal notice to such director.

Section 5. Notice of Adjournment. Notice of adjournment of any directors' meeting, either regular or special, need not be given to absent directors, if the time and place are fixed at the meeting adjourned.

Section 6. Entry of Notice. Whenever any director has been absent from any special meeting of the Board, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such special meeting was given to such director, as required by law and by these By-Laws.

Section 7. Waiver of Notice. The transaction of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting, each of the directors not present signs a written waiver of notice or a consent to the holding of such meeting or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 8. Quorum. A majority of the number of directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board.

Section 9. Adjournment. A quorum of the directors may adjourn any directors' meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the directors present at any directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 10. Attendance at Meetings. If a director shall fail to attend three (3) consecutive meetings of the Board without leave of absence granted by said Board, his office as a director may be declared vacant by a vote of a majority of all the remaining directors.

Section 11. Action by Written Consent in Lieu of Board Meeting. Any action required or permitted to be taken by the Board 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 and shall state that the action was taken by unanimous written consent of the Board without a meeting, and that the By-Laws of the Association authorized the directors to so act. Such action by written consent shall have the same force and effect as a unanimous vote of such directors.

Section 12. Membership Attendance at Board Meetings. Regular and special meetings of the Board shall be open to all Members; provided, however, Members who are not directors may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board; provided further, however, that the Board may, upon the majority vote of a quorum of the directors, adjourn a regular or special meeting and reconvene said meeting in executive session (at which session Members, other than those on the Board, shall not have the right to be present) to discuss and vote upon personnel matters, pending or threatened litigation in which the Association is

or may become involved, or other matters 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 X

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. Subject to limitations of the Articles, the Declaration, or these By-Laws, and the laws of the State of California as to action required to be authorized or approved by the Members, and subject to the duties of directors as prescribed by these By-Laws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Association shall be controlled by, the Board. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the directors shall have the following powers:

(a) To select and remove all the other officers, agents, and employees of the Association, prescribe such powers and duties for them as may not be inconsistent with law, with the Articles, the Declaration, or these By-Laws, fix their compensation and, at the discretion of the directors, require from them security for faithful service.

(b) To adopt and publish Association Rules which may, among other matters, govern the use of the Recreation Area and facilities and improvements thereon or thereto, the personal conduct of the Members and their guests and delegates thereon, and which rules may establish penalties for the infraction thereof.

(c) To conduct, manage, and control the affairs and business of the Association. .

(d) To establish and change the principal office for the transaction of the business of the Association from one location to another within Broadmoor Huntington Harbour or such other place which is as close thereto as possible for the holding of any Members' meeting or meetings; and to adopt, make, and use a corporate seal and to

alter the form of such seal from time to time as in their judgment they deem best; provided such seal shall at all times comply with the provisions of law.

(e) Subject to Articles IV, VII and IX of the Articles, to borrow money and incur indebtedness for the purposes of the Association, and to cause to be executed and delivered, in the Association name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidence of debt and securities therefor.

(f) To maintain and otherwise manage, or cause to be managed, the Recreation Area and the Street Area and all facilities and improvements thereon and thereto, and all other property acquired by the Association, and to contract and pay for maintenance, gardening, utilities, materials and supplies and services relating to said Recreation Area and Street Area and/or facilities and improvements thereon and thereto, and to employ personnel reasonably necessary for the operation of the Association, including lawyers and accountants where appropriate.

(g) To maintain, or cause to be maintained, such slope control areas and such other Maintenance Areas as may be established from time to time as provided in the Declaration or in any Supplementary Declaration of Covenants, Conditions and Restrictions recorded in accordance with Article II of the Declaration.

(h) To pay taxes and special assessments which are or would become a lien on the Recreation Area or the Street Area or on any other property acquired by the Association.

(i) Where appropriate, to pay for reconstruction of any portion or portions of the Recreation Area or Street Area damaged or destroyed which are to be rebuilt.

(j) To exercise all other powers granted to the Board by the Declaration, the Articles or these By-Laws, or the laws of the State of California.

(k) To grant easements where necessary for utilities and sewer facilities over the Recreation Area and the Street Area.

(1) To inspect, at reasonable times, all books, records and documents of the Association and the special properties owned or controlled by the Association. Said right of inspection shall include the right to make extracts and copies of documents.

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

(a) To cause to be kept a complete record of all of its acts and corporate affairs and cause an annual independent examination or audit of the Association's account or accounts to be made and to cause a copy of such report to be available to each Member within thirty (30) days of completion.

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

(c) As more fully provided in the Declaration, to:

(1) Fix the amount of the R-1 and Condominium Regular Assessments against each Lot and Condominium, respectively, at least thirty (30) days in advance of each Assessment Period:

(2) Prepare a roster of the Lots and Condominiums within Broadmoor Huntington Harbour and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner during normal business hours; and

(3) Send written notice of each assessment to every Owner subject thereto at least fifteen (15) days in advance of each annual assessment period.

(d) To issue, or to cause an appropriate officer to issue, upon demand by any Owner, a certificate setting forth whether or not said assessments or any portion thereof have been paid. A reasonable charge may be made by the Board for the issuance of such certificates. If a certificate states that said assessments or any portion thereof have been paid, such certificate shall be conclusive evidence of such payment.

(e) To contract and pay premiums for fire, casualty, liability and other insurance, including indemnity and other bonds.

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

(g) To cause the Recreation Area and the Street Area and all facilities and improvements thereon and thereto and all other property of the Association to be maintained and managed.

(h) To cause to be maintained such slope control areas and such other Maintenance Areas as may be established from time to time as provided in the Declaration or in any Supplementary Declaration of Covenants, Conditions and Restrictions recorded in accordance with Article II of the Declaration.

(i) To perform all other duties as may be required of the Board by the Declaration, the Articles, these By-Laws, or the laws of the State of California.

ARTICLE XI

COMMITTEES

Section 1. The Board shall appoint a Nominating Committee as required by Article VIII of these By-Laws.

Section 2. In addition, the Board shall appoint such other committees as it deems appropriate in carrying out the purposes of the Association, which may include:

(a) An Architectural Control Committee in accordance with Article VII of the Declaration;

(b) A Recreational Committee which shall advise the Board of all matters pertaining to the recreational program and activities of the Association and shall perform such other functions as the Board in its discretion determines;

(c) A Maintenance Committee which shall advise the Board on all matters pertaining to the maintenance, repair

or improvement of the Recreation Area and the Street Area within Broadmoor Huntington Harbour and shall perform such other functions as the Board in its discretion determines;

(d) A Publicity Committee which shall inform the Members of all activities and functions of the Association, and shall, after consulting with the Board, make such public releases and announcements as are in the best interests of the Association; and

(e) A Finance Committee which shall supervise the annual audit of the Association's books and approve the annual budget and statement of income and expenditures to be presented to the membership at its annual meeting, as provided in these By-Laws. The Treasurer shall be an ex officio member of the Finance Committee.

Section 3. It shall be the duty of each committee to receive complaints from Members on any matter involving Association functions and duties within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matters presented.

ARTICLE XII

OFFICERS

Section 1. Officers. The officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer. The Association may also have, at the discretion of the Board, a Chairman of the Board, one or more additional Vice Presidents, one or more Assistant Secretaries, and one or more Assistant Treasurers, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article. Any officer, other than the President and the Chairman of the Board, may be, but need not be, a member of the Board. One person may hold two or more offices except those of President and Secretary.

Section 2. Election. The officers of the Association, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article, shall be chosen annually by the Board, and each shall hold his office until he shall resign or shall be removed or

otherwise disqualified to serve, or his successors shall be elected and qualified.

Section 3. Subordinate Officers, Etc. The Board may appoint such other officers as the business of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these By-Laws or as the Board may from time to time determine.

Section 4. Removal and Resignation. Any officer may be removed, either with or without cause, by a majority of the directors then in office, at any regular or special meeting of the Board, or, except in the case of an officer chosen by the Board, by any officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time by giving written notice to the Board or to the President, or to the Secretary of the Association. Any such resignation shall take effect at the date of the 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 5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause, shall be filled by the Board at any regular or special meeting, and the officer so chosen shall hold office until he shall resign or shall be removed or otherwise disqualified to serve, or his successors shall be elected and qualified.

Section 6. Chairman of the Board. The Chairman of the Board, if there shall be such an officer, shall, if present, preside at all meetings of the Board, and exercise and perform such other powers and duties as may be from time to time assigned to him by the Board or prescribed by these By-Laws.

Section 7. President. Subject to such supervisory powers, if any, as may be given by the Board to the Chairman of the Board, ~~if there shall be such an officer,~~ the President shall be the chief executive officer of the Association, and shall, subject to the control of the Board, have general supervision, direction, and control of the business and officers of the Association. He shall preside

at all meetings of the Members and in the absence of the Chairman of the Board, or if there be none, at all meetings of the Board. He shall be an ex officio member of all the standing committees and shall have such other powers and duties as may be prescribed by the Board or these By-Laws.

Section 8. Vice President. In the absence or disability of the President, the Vice President shall perform all the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall have such other powers and perform such other duties as from time to time may be prescribed for him by the Board or these By-Laws.

Section 9. Secretary. The Secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the Board may order, of all meetings of directors and Members, with the time and place of holding, whether regular or special, and if special how authorized, the notice thereof given, the names of those present at directors' meetings, the Members present or represented at Members' meetings and the proceedings thereof. The Secretary shall keep, or cause to be kept, a membership book containing the name and address of each Member. Termination of any membership shall be recorded in the book, together with the date on which the membership ceased.

The Secretary shall give, or cause to be given, notice of all the meetings of the Members and of the Board required by these By-Laws, the Articles, the Declaration, or by law to be given, and he shall keep the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board or these By-Laws.

Section 10. Treasurer. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association. The books of account shall at all times be open to inspection by any Director.

The Treasurer shall deposit all monies and other valuables in the name and to the credit of the Association with such depositaries as may be designated by the Board. He shall disburse the funds of the Association as may be ordered by the Board, shall render to the President and Directors, whenever they request it, an account of all of

his transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or these By-Laws.

ARTICLE XIII

MISCELLANEOUS

Section 1. Inspection of Association Records.

The books, records and papers of the Association and the membership book referred to in Section 9 of Article XII hereinabove, shall be open to inspection upon the written request of any Member, at any reasonable time, and for a purpose reasonably related to his interests as a Member, and shall be produced at any time when required by the request of ten percent (10%) of the voting power of the membership represented at any Members' meeting. Such inspection may be made in person or by an agent or attorney, and shall include the right to make extracts and copies, the costs of which shall be borne by the Member requesting the inspection. Request for inspection, other than at a Members' meeting, shall be made in writing upon the President, Secretary, or Assistant Secretary of the Association. Every such request, unless granted, shall be referred by such officer to the Board.

Section 2. Checks, Drafts, Etc. All checks, drafts, or other orders for payment of money, notes, or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such person or persons and in such manner as from time to time shall be determined by resolution of the Board.

Section 3. Annual Reports. The directors of the Association shall prepare or cause to be prepared a pro forma operating statement (budget) for each fiscal year which shall be distributed not less than sixty (60) days before the beginning of the fiscal year to which it pertains, a balance sheet and an income statement for the Association and shall provide for the distribution of copies thereof to every Member of the Association within sixty (60) days of the accounting dates set forth below.

The first balance sheet shall be as of an accounting date ("Initial Accounting Date") which is the last day

of the month closest in time to six (6) months from the date of the closing ("Closing Date") of the first sale of a Lot or Condominium to a Member of the Association. All other balance sheets shall be as of an accounting date ("Subsequent Accounting Date") which is the last day of the Association's fiscal year.

The first income statement shall cover the six (6) month accounting period ending on the Initial Accounting Date and shall include a schedule of Assessments received or receivable, itemized by Lot and Condominium and by the name of the person or entity assessed. All other income statements shall be for the twelve (12) month accounting period ending on the Subsequent Accounting Date.

Section 4. Contracts, Etc., How Executed. The Board, except as otherwise provided in these By-Laws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board, no officer, agent, or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

Section 5. Inspection of By-Laws. The Association shall keep in its principal office for the transaction of business, the original or a copy of these By-Laws, as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the Members at all reasonable times during office hours.

Section 6. Record Date. The Board of Directors may fix a date not more than forty (40) days before any meeting of Members as a record date for the determination of the Members entitled to notice of and to vote at the meeting. When a record date is so fixed, only Members who are such of record on that date shall be entitled to notice of and to vote at that meeting notwithstanding any transfer of membership on the records of the Association after the record date.

ARTICLE XIV

AMENDMENTS

Section 1. Power of Members. By-Laws may be adopted, amended, or repealed either at a meeting by the vote of Members entitled to exercise a majority of the voting power of each class of membership, or by the written consent of such Members, except as otherwise provided by law, the Declaration, or by the Articles.

Section 2. Power of Directors. Subject to the right of Members as provided in Section 1 of this Article XIV to adopt, amend or repeal By-Laws, By-Laws other than a By-Law or amendment thereof changing the authorized number of directors, may be adopted, amended or repealed by the Board at any regular or special meeting thereof.

Section 3. In the case of any conflict between the Articles and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.